

Selfies

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,383

Monday July 30 1984

D 8523 Bristol

Continental Illinois: the questions are just beginning, Page 10

Austria	100.00	Belgium	100.00	Denmark	100.00	France	100.00	Germany	100.00	Italy	100.00	Japan	100.00	Netherlands	100.00	Portugal	100.00	Spain	100.00	Sweden	100.00	Switzerland	100.00	UK	100.00	USA	100.00
---------	--------	---------	--------	---------	--------	--------	--------	---------	--------	-------	--------	-------	--------	-------------	--------	----------	--------	-------	--------	--------	--------	-------------	--------	----	--------	-----	--------

NEWS SUMMARY

GENERAL

US 'wants nuclear talks in Vienna'

The U.S. will discuss space weapons with the Soviet Union in Vienna but will not go "low-towing or capitulating to Soviet demands or preconditions," said U.S. Defence Secretary Casper Weinberger.

One day after the Reagan Administration sent Moscow a diplomatic note agreeing to discuss space weapons, Mr Weinberger reiterated his desire to bring nuclear weapons into the talks.

His remarks on U.S. television were the latest in a month-long exchange of charges since the Soviets invited the U.S. to discuss space weapons only. The U.S. desire to discuss other weapons too appears to be diminishing prospects for the talks. Page 2

U.S. draft warning

The U.S. may be forced to restore military conscription by the 1990s if it implements plans to increase the size of the armed forces and develop complex new weapons systems, a study predicted.

Hyderabad stabbings

Four people were stabbed to death in Hyderabad, southern India. In Punjab police arrested more than 400 during a political demonstration. Chief Minister of the southern state of Karnataka, Ramakrishna Hegde, said Indian Premier Indira Gandhi was trying to topple his government. Page 2

Meeting urged

Marian Jurczyk, a senior Solidarity official who has been included in a Polish amnesty for political prisoners, has urged a meeting of leaders of the banned union released from jail.

Eta suspect dies

Thomas Perez, 48, a suspected leader of Spanish Basque movement Eta, died in hospital in Bordeaux, France, from burns sustained in a bomb attack on Basque refugees. In Bilbao, northern Spain, a French-registered car was set on fire and an incendiary device under another French car was defused.

Chancellor returns

West German Chancellor Helmut Kohl was forced to interrupt his summer holiday in Austria to try to unite his divided coalition in the emergency session of parliament to debate government plans for a power station to operate without sulphur dioxide pollution filters.

Resistance hero dies

French resistance hero, Colonel Remy (Gilbert Renault), who founded an underground intelligence network in German-occupied France in the Second World War, died aged 79 in Brittany.

Doe to stand

Liberian military leader Samuel Doe said he would stand in the country's presidential election planned for October 1985.

Saudi gift

Saudi Arabia is to give Lebanon more than \$450m towards the cost of rebuilding after nine years of intermittent war.

Tourists evacuated

About 600 foreign tourists were evacuated from the Italian-registered cruise liner Columbus 8 which scraped its hull on a breakwater at Cadiz in strong winds and sprang a leak.

Cosmonauts return

Three Soviet cosmonauts, including the first woman to walk in space, returned to earth after a 13-day mission aboard Salyut 7.

BUSINESS

German inflation falls to 2.2%

WEST GERMAN inflation fell to 2.2 per cent in July, its lowest level for 15 years, according to provisional figures based on returns from four federal states. Page 2

CURRENCIES

showed little overall change within the European Monetary System last week. The Belgian franc remained the weakest member but traded comfortably within its divergence limit. So much so that the Belgian central bank was able to buy foreign currencies for the first time this year, using the funds to reduce its short-term debt with the European Monetary Co-operation fund. The D-Mark was a little weaker against other member currencies and against the dollar. The Italian lira traded quietly for most of the week and retained its position at the top of the EMS.

FRANCE'S automobile industry

needs to shed 70,000 jobs, a third of its workforce, over the next few years according to an independent commission. Page 12

NESTLE, the Swiss food group,

has dropped its \$513m bid for Cooper Vision, a California-based eye-care products group, after opposition from U.S. Federal Trade Commission. Page 12

LTV steel and aerospace group

of the U.S. cut second-quarter losses to \$22.7m or 50 cents a share, against last year's second-quarter deficit of \$61.3m or \$1.20 a share, but warned of a surge in tubular products imports. Page 14

SAIPEM, Italian oil and gas concern

which is being partly privatised, boosted first-half revenues 6.2 per cent to 1,651bn but did not disclose profit figures. Page 14

BRAZIL may be offered a co-financing scheme

for its 1985 needs which would fix in advance the amount of annual debt service, under a plan being considered by the World Bank. Page 13

U.S. BANKS cut back on their international business

in the first quarter, sharply reducing borrowing abroad, BIS figures show. Page 12

SPANISH car exports are expected to rise sharply in the next two years,

fuelling the dispute with Britain over an imbalance in the trade of cars and components. Page 3

TEKTYL producing Third World countries

plan a campaign against import curbs in Western countries. Page 3

Hollywood goes for gold at Olympic opening ceremony

BY MICHAEL THOMPSON-NOEL IN LOS ANGELES

GERSHWIN brought the house down, but Romania stole the show. President Reagan got his lines right, and Hollywood jived and jitterbugged.

Such was the scene in the Los Angeles Coliseum at the weekend as the 23rd summer games of the modern Olympics opened on a wing, a prayer, and a note of magnificent outrageousness.

With 90 per cent of the world's recorded entertainment still produced in Hollywood (says Hollywood), the opening ceremony was never going to be a show.

Hollywood pulled out all the stops, and then some more. Confronted by 92,655 paying customers in the Coliseum - plus a global television audience estimated at anything above 2bn - Hollywood panned for gold.

The result: music by Gershwin, lyrics by Sondheim, direction by Spielberg, production by Walt Disney - triumph by exhaustion.

Only as an afterthought, it seemed, did Tinseltown remember to add the march of the athletes, the entrance of the Olympic flag, and the lighting of the Olympic flame.

It was as well that it did. As the athletes entered - a record 7,900 from 140 countries, despite the Soviet-led boycott - sentiment conquered schmalz.

The greatest roar was for the 127-strong team from Romania, led by pistol shooter Corneliu Ion. Romania is the only Soviet bloc country to have conquered Moscow's wrath by defying the boycott - staged as a reprisal for the U.S.-led boycott of the 1980 Moscow Olympics - and setting foot in California.

Other roars of greeting welcomed the teams from the People's Republic of China, which has sent 213 competitors and is making its first appearance at the summer Games since 1952; Yugoslavia, which has sent 155; and Taiwan, whose 61 athletes

marched in behind an Olympic - not a national - flag.

Away from the Coliseum, dark questions remain. After two decades of mayhem and discord, the Olympics are at their lowest ebb.

The youth of the world is as keen as ever on innocent ritual and athletic celebration, but the mood of the century has turned against the games.

Mr Peter Ueberroth, president of the Los Angeles Olympic Organising Committee, which is stage-managing the first-ever private enterprise Games on a shoestring budget of \$500m, insists that these will not be the last Games - that they are in all senses "pivotal".

Yet no one is banking on it, least of all Hollywood, which with limited enthusiasm and the tiniest scrap of art, played the opening ceremony like its own final curtain.

The master of ceremonies was Mr David Wolper, producer of the television

mini-series, begetter of four of the top 10 most watched TV programmes of all time, and maker of Willie Wonka and the Chocolate Factory - in short, the complete Hollywood Renaissance man.

His goal, he said, was "a show that would be majestic, inspirational, emotional - a 20-goose-bump experience."

That was precisely what he got. He used a 12,000-strong cast, 15,000 costumes, 200,000 props, 1,065 balloons, a 27,000-bulb video board, 84 baby-blue grand pianos in tiers of six, a choir of 1,000, a full-blown orchestra, 270 tambourinists and trumpeters, a 750-strong marching band and 270 jittersbuggers.

"There is nothing as big as this, except maybe D-Day," said Mr Wolper. He may have been right.

He gave us Americana Medley, Hoodlum, Waiting for the Robert E. Lee, Basin St. Blues, Rhapsody in Blue, I Got Rhythm, In the Mood, One O'Clock Jump, Fame, and Beat

it. Then he plunged into A Chorus Line and America the Beautiful. Later, composer John Williams conducted the specially composed Los Angeles Olympic Theme. It was at this point that one might confidently expect an appearance - or a phone call - from the Extra Terrestrial. But ET stayed home.

Greece led the march of athletes. Small teams were politely welcomed - two from Andorra and Tonga, one from Bangladesh - while favourites were roared around the track: Australia (in decorous frame of mind), Canada, Brazil, Britain, Italy, Israel, Japan.

Last of all, marching like a superpower, came the 588-strong team of the U.S., so awesome that it almost lapped itself. It made a marvellous sight - the docking of the mother ship - though the absence of the Soviet Union and most of her allies dramatised the lopsided nature of these games.

Continued on Page 12

Continental Illinois chiefs set sights on long-term

By William Hall in New York

THE NEW team at the head of Continental Illinois Bank does "not want to stick a thermometer in the patient's mouth and say 'I want to read your temperature' every hour," says Mr Bill Ogden, the former Chase Manhattan banker who shares with Mr John Swearingen, the former chief of Standard Oil Company of Indiana, the unenviable task of breathing life back into the Chicago-based bank after last week's \$4.5bn rescue.

"The plan is out in the open and the great uncertainty no longer exists. The real question now is not what is going to happen today, tomorrow and the next day, but the longer-range future for Continental Illinois," says the 57-year-old chairman, smoking Mr Ogden.

Mr Swearingen says: "I have told these folks I would be willing to stay for three years. I do not intend to make another career out of this, but at the same time I made it perfectly clear to the people in Washington that I am not going to take on the role of an undertaker."

He stresses that he expects to return Continental to its former status as a "viable, highly competitive and well-respected bank."

Their most immediate task is to prove to the world that the \$30bn Continental, which on the eve of last week's bailout was drawing close to \$12bn of its deposits from the support group, can quickly restructure itself without outside assistance.

Mr Ogden observes: "I do not think you can expect a bank which has been through the kind of crisis Continental has gone through to be able to stop paying a premium for funds overnight. That is going to take time."

However, Continental has begun to issue certificates of deposit again and the new managers are confident that over time the premium they are being forced to pay for deposits will evaporate.

While the world's money markets will be monitoring Continental's success in funding itself Mr Swearingen and Mr Ogden face an equally daunting task convincing Continental's demoralised staff that they have a rewarding future if they stick with the bank and proving to customers that they can still be competitive with arch-rival First Chicago, run by Mr Ogden's former Chase colleague, Mr Barry Sullivan.

Continued on Page 12
The questions are just beginning, Page 10

Lagos to seek trade debt refinancing without IMF accord

BY MICHAEL HOLMAN IN LONDON

THE NIGERIAN Government is set to propose terms today to the leading Western export credit agencies aimed at refinancing its massive arrears on trade payments. This is despite its failure to reach agreement with the International Monetary Fund (IMF) on a programme to overcome the country's economic crisis.

The unexpected move covers the proposed refinancing of about \$2bn in arrears to suppliers insured by the agencies in Britain, France, Italy, Japan, West Germany and the U.S.

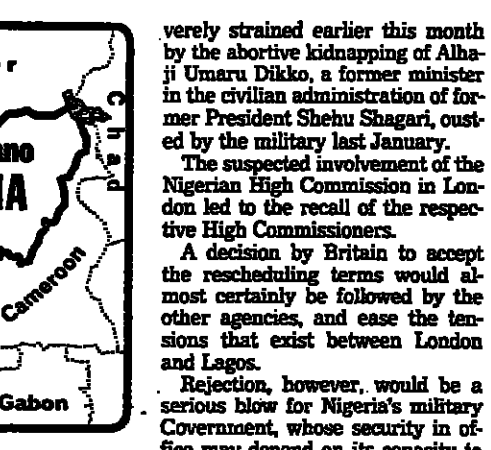
Led by Britain's Export Credit Guarantees Department (ECGD), which has an exposure of between \$800m (\$780m) and \$900m, the agencies have previously insisted that an IMF deal be a precondition to any rescheduling of insured arrears.

Official close to the IMF talks are increasingly doubtful that an agreement with the fund on its proposed three-year, \$8bn programme is possible this year.

Earlier this month, after nearly 18 months of negotiations, the IMF told Nigeria that its refusal to devalue the naira outright and reduce the government subsidy on local petrol prices were among factors holding up an agreement.

Nigeria's central bank is nevertheless due to publish its trade arrears proposals today. In April the Nigerians reached agreement with uninsured creditors for rescheduling about \$3bn in arrears.

The export credit agencies, who



Relations with Lagos were severely strained earlier this month by the abortive kidnapping of Alhaji Umaru Dikko, a former minister in the civilian administration of former President Shehu Shagari, ousted by the military last January.

The suspected involvement of the Nigerian High Commission in London led to the recall of the respective High Commissioners.

A decision by Britain to accept the rescheduling terms would almost certainly be followed by the other agencies, and ease the tensions that exist between London and Lagos.

Rejection, however, would be a serious blow for Nigeria's military Government, whose security in office may depend on its capacity to revive the economy.

The economic crisis will be only slightly relieved by the small and temporary increase in Nigeria's oil production quota from August, agreed at the Organisation of Petroleum Exporting Countries' meeting in Vienna this month.

A drop in the price of oil - which accounts for more than 95 per cent of the country's export earnings - as well as an expensive development programme, corruption and mismanagement have led to the build-up of huge arrears in trade payments over the past three years.

Oil exports, which peaked at \$22.5bn in 1980, fell to \$10.5bn last year. The current account deficit for the past three years has averaged over \$3bn annually, and foreign exchange reserves are all but exhausted.

Big German demand for Jaguar shares

BY ALISON HOGAN IN LONDON

AN UNPRECEDENTED demand for West German investors for shares in Jaguar, the luxury car subsidiary of B.L. Britain's state-owned manufacturer, will be discussed in London tomorrow by bank officials from both countries.

Hill Samuel, the UK merchant bankers handling the £297 (\$389m) flotation of the offshoot, are due to meet officials from Deutsche Bank.

Several German banks have asked for copies of the Jaguar prospectus. Those with UK operations are expected to submit nominee applications on behalf of German clients through their London branch offices.

Tomorrow's meeting will clarify the procedure the German banks will use to allow German investors to participate in the UK primary market.

German banks are also understood to have participated in the sub-underwriting of the issue of 177.88m shares at 165p per share.

German investors, who have had

AT&T to build plant in Spain

By Tom Burns in Madrid

AMERICAN Telephone and Telegraph (AT&T) will sign a protocol agreement today with the Spanish Industry Ministry and Compania Telefonica Nacional de Espana (CTNE), the semi-private telecommunications authority, to set up a \$200m semiconductor manufacturing base in Spain.

Officials are presenting the agreement as the perfect marriage of convenience, in which AT&T's strategy to establish itself in Europe and build up a European market dovetails with the Industry Ministry's national electronics plan. It provides for \$50m to be spent over the next three years to support high-technology production for export to Spain.

AT&T's joint venture with CTNE is by far the most important multinational investment in Spain since the Socialist Government of Sr Felipe Gonzalez took office in late 1982.

Continued on Page 12

International Companies	2	Financial Futures	24
World Trade	14	Int. Cap. Markets	13
Britain	3	Letters	11
Companies	6, 7	Lex	12
Appointments	14, 19	Management	8
Arts - Reviews	9	Men and Masters	10
World Guide	19	Money Markets	24
Construction	9	Statistical Trends - Business	4
Crossword	21	Stock markets - Buenos Aires	18
Currencies	24	Stock markets - Wall Street	16, 17
Editorial comment	10	Stock markets - London	22, 23
Eurobonds	13	Technology	8
		Unit Trusts	26, 27
		Weather	12

Continental Illinois: the questions begin	10	Editorial comment: cost of government; EEC	10
Nuclear power: high cost of storing waste	11	Lombard: dangerous delusions of markets	11
Statistical trends: company finance	4	Lex: banks and building societies	12
Technology: pipelines for an underwater world	8	Management: intellectual approach	8

Hi! Tech.

Hi! Burroughs. Hi! Pericom. Hi! Scicon. And Hi! to Monsanto, Sperry, Apollo, Marconi and the other 120 high-tech companies who've moved to Milton Keynes.

If you're in high technology, why aren't you in Milton Keynes?

For further information, contact: Commercial Director, Milton Keynes Development Corporation, Saxon Court, 502 Avenbury Boulevard, Central Milton Keynes. MK9 3HS. Tel: (0908) 664666.

OVERSEAS NEWS

Egypt 'will talk to any Israeli leader'

BY TONY WALKER IN CAIRO

EGYPT'S LEADERS are prepared to deal with any new Israeli Government, whatever its political complexion, despite disappointment at the inconclusive election result. President Hosni Mubarak, in his first public comment on the Israeli poll, said at the weekend that he would talk with any administration elected by the Israeli people, whether it is Likud, Labour, or any other party. Egyptian officials made no secret in private of their hope that Labour would gain a clear majority in the Knesset but now recognise that a new Israeli Government, even one of national unity, is unlikely to have much scope for adventurous foreign policymaking. Since the death of President Anwar Sadat in October 1981 and the final withdrawal of Israeli forces from the Sinai in April 1982, the Middle East peace process has been virtually stalled, and relations between Israel and Egypt have deteriorated. Cairo recalled its ambassador to Tel Aviv after the massacres in the Sabra and Chatila refugee camps in Beirut in the wake of the Israeli invasion of Lebanon in 1982, and has said he will not return until Israel withdraws its forces. Egypt sees little prospect of a fresh initiative on a Middle East peace until next year. President Mubarak said he hoped that "a new strong push for peace in the region" would follow the U.S. presidential election. Egypt hopes a revived peace process will involve the active participation of King Hussein of Jordan and Palestinian representatives.

U.S. 'will not kow-tow' in space talks

By Nancy Dunne in Washington

THE U.S. will go to Vienna to discuss space weapons, but it will not go "kow-towing or capitulating to Soviet demands or preconditions," Mr Caspar Weinberger, the U.S. Defence Secretary, said yesterday. A day after the Reagan Administration sent Moscow a diplomatic note explicitly agreeing to discuss space weapons, Mr Weinberger reiterated his desire to bring nuclear weapons into the talks. He said: "We will talk about all the things they want to talk about but we will insist also on talking about the things we want to talk about, including a reduction of nuclear missiles." His remarks were the latest in a month-long exchange of charges since the Soviets invited the U.S. to the table to discuss space weapons only. In its note to Moscow, the State Department avoided mentioning its desire to expand the proposed negotiations. A State Department official said: "We do not believe that the Vienna talks are impossible if the Soviets are seriously interested in negotiation." However, prospects for talks seem to be dimming, as U.S. officials continued to say they will bring other weapons into the discussion. Senator George McGovern, former U.S. Presidential candidate, said yesterday he had had a long talk with Mr Andrei Gromyko, Soviet Foreign Minister, whom he met in Yalta, in the Crimea, on Friday. He said he got the impression that Mr Gromyko saw little chance for an upturn in relations with Washington. McGovern said Gromyko seemed convinced there would be no talks on space weapons. Senator McGovern is in the Soviet Union for a joint forum sponsored by Washington's Institute of Policy Studies and the Moscow Institute for Studies of the U.S. and Canada.

W. German inflation rate 'at 2.2%' Rivals

BY RUPERT CORNWELL IN BONN

WEST GERMANY'S inflation rate has dropped to its lowest level for about 15 years, according to provisional figures for July from the Federal Statistics Office. Returns from four West German provinces indicate that retail prices fell so far in July by 0.1 per cent. This would bring the annual inflation rate down to 2.2 per cent, compared with about 2.5 in 1983. If these figures were confirmed, they would be a welcome fillip for the centre-right federal government coalition, which has been forecasting a 2 per cent rise in prices for 1984—about the same as in 1983. It seems now that the rise of the dollar against the D-Mark has expressed itself in the form of higher import prices. Depressed demand as a result of the protracted engineering strike this year may have helped to dampen inflation further.

The prospects for the rest of 1984 look good. Pay increases in the recent batch of agreements have rarely been higher than 3.3 per cent. Also, the shorter working week in the metal industry will not come into effect until next spring. Reuter adds: Chancellor Helmut Kohl said he expects real GNP growth in 1984 of 2.5 per cent, despite recent strikes by the West German metalworkers' union.

He said there was no doubt that the strikes had damaged the country economically, but he was sticking to the cautious forecast made by the government at the beginning of the year, noting that the danger of strikes was apparent when that was made. Some forecasters said before the strikes that 2.5 per cent growth was possible this year, but many estimates have been revised down to 2.5 per cent. Growth last year was 1.3 per cent.

Rivals clash again in Beirut

GUN BATTLES broke out between Sunni and Druze Muslim militias in West Beirut for the first time in weeks yesterday, as the Lebanese army wanted to implement the Government's latest peace plan, Reuter reports from Beirut.

Rifle and grenade fire rattled through the streets of the Sakiet al-Jamra area for almost two hours before the army moved in to separate fighters of the Sunni Muslim and the Druze Progressive Socialist Party (PSP). The clashes subsided soon after troops with armoured vehicles took up positions around the battle zone and began negotiations with representatives of the rival parties. Civilians stayed at home for fear of further shooting however, and militiamen with assault rifles and grenade launchers continued to patrol other parts of the city. No casualties were reported and the incident had no effect on the "Green Line" where army engineers supervised the dismantling of barbed wire in preparation for a formal reunification of Beirut on Wednesday. The battles were the first in the capital since before July 4 when the Lebanese Government sent in army units to create a buffer zone between rival Muslim and Christian forces under a Syrian peace plan. Residents said the immediate cause of the fighting was a dispute over posters put up by the Murabitoun in Sakiet al-Nasr after a battle with the PSP earlier this year. Members of the PSP, one of Beirut's most powerful militias, had been tearing down the posters, they said.

Moscow keeps up tirade against Bonn

BY LESLIE COLTIN IN BERLIN

THE SOVIET Union continued its vehement attack on West Germany over the weekend and by implication criticised Herr Erich Honecker, the East German leader, who plans to visit West Germany in September. Tass, the Soviet news agency, on Saturday called Herr Franz Josef Strauss, Bavaria's Prime Minister, who was instrumental in obtaining a DM 1bn government-backed loan for East Germany last year, a Bavarian cold warrior who sympathised with South African racists. Herr Strauss also played a key role in arranging a DM 950m (2250m) loan to East Berlin announced last week. President Honecker was set to meet Herr Strauss in Munich this autumn. The two men had conferred in East Germany earlier this year and last. Tass said Herr Strauss had built his career by supporting reactionary regimes.

East European diplomats in East Berlin said this was a way of expressing Soviet disapproval of Herr Honecker's frequent contacts with West German politicians of all parties. East German newspapers on Saturday published a Soviet broadside against the Bonn Government from the Soviet Communist newspaper Pravda, saying Bonn was using its relations with East Germany to undermine the socialist system in that country. West Berlin officials said this made it look even more unlikely that Herr Honecker would proceed with his planned visit to the West. Pravda recalled that in 1980 East Germany stipulated before relations with Bonn could be normal. West Germany would have to recognise East German citizenship and change the permanent missions of East and West Germany in each other's capitals into embassies.

West Germany has said it could not concede that the East German leadership had signed not to raise the issues during Herr Honecker's visit. Soviet diplomats in East Berlin said Moscow was unhappy about Herr Honecker's visit because he would return before Mr Konstantin Chernenko, the Soviet leader, planned a visit to East Germany in October for the country's 35th anniversary. This could make it appear that East Germany's relations with West Germany took precedent over its Moscow ties. The diplomats said they were surprised by West Germany's announcement last week of humanitarian concessions agreed by East Germany in return for the latest loan. The Russians said, sarcastically, that they thought East Germany was a sovereign country which could speak for itself. West German officials said Bonn had told East Berlin it insisted on the announcement to satisfy West Germans that East Germany was making concessions. East European diplomats say Moscow had told East Berlin previously it was worried about the exit permits granted to 25,000 East Germans to leave the country earlier this year would encourage more East Germans to apply to leave. Herr Helmut Kohl, the West German Chancellor, said he was convinced the Soviet campaign against his country would be without any effect. He noted that important remarks from some Warsaw Pact capitals could not unsettle him.

East European diplomats say Moscow had told East Berlin previously it was worried about the exit permits granted to 25,000 East Germans to leave the country earlier this year would encourage more East Germans to apply to leave. Herr Helmut Kohl, the West German Chancellor, said he was convinced the Soviet campaign against his country would be without any effect. He noted that important remarks from some Warsaw Pact capitals could not unsettle him.

Members of the PSP, one of Beirut's most powerful militias, had been tearing down the posters, they said. Despite his slow reaction the Lebanese army appeared to have emerged with its reputation intact. Officials said there was no question of abandoning the government peace plan in which the army has a key role. Under the plan, the Green Line will disappear and all roads between west and east will reopen to traffic. Muslim and Christian troops, now organised in sectarian brigades, will be deployed together in the central buffer zone. Once Beirut is reunited the Government hopes to extend its authority into the Shouf and Aley mountains south-east of Beirut, where the army's Eighth Brigade has been fighting PSP militiamen since September. The army and PSP exchanged heavy artillery fire on the mountain front on Saturday.

SAVE & PROSPER GOLD FUND LIMITED (incorporated with limited liability in, and under the laws of, the Islands of Bermuda) Share Capital Authorised US\$ 50,000.00 in shares of 1c each Issued and fully paid US\$ 6,667.93 issued with premium as at 23rd July 1984 US\$ 12,000.00 issued to Managers at 1c each Application has been made to the Council of The Stock Exchange for the whole of the Share Capital of the Company to be admitted, by way of introduction, to the Official List. Particulars of the Company are available in the statistical service of Exel Statistical Services and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 17th August 1984 from: Save & Prosper (Jersey) Limited, 45 La Motte Street, Jersey Channel Islands

French referendum faces block

BY OUR PARIS CORRESPONDENT

THE FRENCH upper house, the Senate, in which the Opposition is in a majority, has decided to block President Francois Mitterrand's project for holding a referendum in September on issues of civil liberty. The Government has yet to decide how to respond to the Left's initiative. M Roland Dumas, the Government spokesman, contemptuously hinted over the weekend with expressing surprise that the Opposition should have refused the President a chance to consult the people. President Mitterrand's proposal was for an amendment to the constitution that would have allowed a President to hold a referendum on issues of civil liberty. They feared it could lead to abuse by future presidents seeking to bypass Parliament to gain popular endorsement for their proposals. This fear is shared by some on the Left. The Government has yet to decide how to respond to the Left's initiative. M Roland Dumas, the Government spokesman, contemptuously hinted over the weekend with expressing surprise that the Opposition should have refused the President a chance to consult the people. President Mitterrand's proposal was for an amendment to the constitution that would have allowed a President to hold a referendum on issues of civil liberty.

Details of IBM settlement due

By Quentin Peel in Brussels

SETTLEMENT details of the European Commission's long-running anti-trust case against IBM, the computer maker, are expected to be announced within the next two days. European officials worked at the weekend to finalise details of the agreement acceptable to the Commission and IBM. The announcement has been delayed by a week already. Although IBM threatened to challenge any hostile EEC ruling in the European Court of Justice, both sides have made more optimistic noises since the prospect of a compromise. The dispute concerns allegations by the European Commission that IBM abused its dominant position in the European market.

Venezuela 'seeks definitive debt solution'

VENEZUELA is seeking to include several years of debt maturities in its rescheduling proposals to be given to banks by the New York City-based Mannesman Apurua, Finance Minister, said, reports Reuter from Caracas. Sr Apurua said Venezuela has included 1985 debts in addition to 1983 and 1984, in proposals to be presented by chief debt negotiator, Sr Carlos Guillermo Rangel. "We want to seek a definitive solution to our debt problems, not one that requires continual renegotiations every few years, and this is part of the proposal," he said. To date, the government has spoken only of rescheduling about \$14.5bn of 1983 and 1984 debts, but the debt negotiating team has worked towards a broader solution. Sr Apurua was speaking to reporters after discussions with Sr Reinaldo Leandro Mora, Congress President on presentation next week of a debt refinancing bill to replace one passed last year covering 1983 and 1984 debts. He said the Bill, as well as including 1985 debts, will take in debts of some state institutions in which the Government has intervened because of liquidity problems. These include the Banco Nacional de Descuento and the Banco de Fomento Regional del Sur, and some developments corporations such as the Corporation de Resarrollo de Los Andes, Corporaciones. Sr Apurua did not disclose the refinancing bill's amount. But the central bank said it has reviewed a proposal for Bolivars 129.2bn.

EEC assembly not anti-UK, says Pflimlin

The European Parliament was not taking anti-British action when it froze Britain's Community budget rebate, but was seeking to link the refund with a solution to the EEC's financial crisis, said Pierre Pflimlin, the President of the European Assembly, said, Reuter reports from Strasbourg. In an interview published today in the newspaper L'Alsace, he said that essential payment of the \$630m (£480m) refund was not in doubt. "The sum allocated to the British is in a frozen account. On the other hand, the commitments made, in particular to farmers, would be in doubt if the community found itself unable to honour them."

Drug 'threat' to Peru

Sr Fernando Belaunde Terry, the President of Peru, said that cocaine dealers and drug traffickers may pose the biggest threat ever to Peru, Reuter reports from Lima. Speaking at the weekend in his National Day address, the president said that rebels in the left-wing Shining Path movement had launched 2,700 attacks during the past year and killed 77 policemen. He charged that drug traffickers were now financing the movement.

FIRST CITY. REACHING FURTHER, DOING MORE IN TEXAS BANKING.

OUR STRENGTH AND STATEWIDE NETWORK MAKE US ONE OF THE STATE'S FINANCIAL LEADERS.

As a major financial institution in Texas and the Southwest, First City has a long-term commitment to maintaining its leadership role. And we have the resources to back that commitment. As First City National Bank of Houston, we are the lead bank of First City Bancorporation of Texas, a bank holding company with more than \$16 billion in total assets. We are the largest financial institution in Houston, the largest city in Texas. And we're also part of a growing statewide network of more than 60 banks. That gives us insight into markets all across Texas. With these statewide connections and our financial strength, we have continued to be a leader in helping further business and industry in Texas. And with a keen perception of markets around the world and offices in key markets, First City is committed to helping you participate not only in Texas growth, but in regional and international growth as well.

Table with 2 columns: Financial Position (In Thousands) and values for June 30, 1984. Includes rows for Total assets, Loans, Deposits, and Shareholder's equity for both First City National Bank of Houston and First City Bancorporation of Texas, Inc.

FIRST CITY. First City National Bank of Houston. Reaching further. Doing more. MEMBER FDIC © 1984 FCIO. HOUSTON: 1001 Pampa, Houston, Texas 77002, (713) 656-6679. LONDON: 99 Bishopsgate, London, EC2M 3BB, England, (01) 236-991. SINGAPORE: 10 Collyer Quay, #25-07 Ocean Building, Singapore, 0184, Singapore, (65) 222-4903. TOKYO: New Tokyo Building, Room 305, 3-1 Marunouchi, 3-chome, Chiyoda-ku, Tokyo, 100 Japan, (03) 215-1055. BAHRAIN: Manama Center, Suite 505-Section 1, Manama, State of Bahrain, (973) 220-975. NASSAU BRANCH, BAHAMAS: P.O. Box 2557, Nassau, Bahamas, (1) 242-424-4248. First City Bancorporation also has International Departments at: FIRST CITY BANK OF DALLAS, (214) 939-8000; FIRST CITY NATIONAL BANK OF EL PASO, (915) 546-5700; and McALLEN STATE BANK, (512) 686-1753.

Premier of Indian state alleges bid to topple him

BY K. K. SHARMA IN NEW DELHI

MR RAMAKRISHNA HEGDE, the Chief Minister of the southern state of Karnataka, yesterday claimed he had evidence that Prime Minister Indira Gandhi's Congress-I Party was trying to topple his government. Mr Hegde's 18-month-old administration is formed by the Janata Party. Karnataka is one of four states in the country where the Congress-I party is not in power. Their chief ministers met a fortnight ago to discuss what they believe is a threat by Congress-I to dislodge them, mainly by encouraging defections of MPs. The discussion was held soon after Sr Farooq Abdullah, the Chief Minister of Kashmir, was dismissed early this month by the state governor after the defection of 12 legislators had reduced his National Conference Party to a minority. Mr Hegde's statement came after the resignation of two Ministers in his cabinet on Friday and their request to the Speaker of the Karnataka legislature to allot them seats as independents. Mr Hegde said the defections posed no immediate threat to his ministry but observers feel the moves could snowball.

Saudi aid for Lebanon

Saudi Arabia has agreed to give Lebanon more than \$450m (£343m) towards the cost of rebuilding the country after nine years of intermittent war, Mr Rashid Karami, the Lebanese Prime Minister, said yesterday, Reuter reports from Beirut.

BASE LENDING RATES

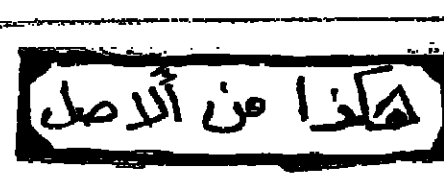
Table listing various banks and their base lending rates. Includes entries for A.B.N. Bank, Allied Irish Bank, Amro Bank, Bank of Scotland, etc.

Notice to Cardholders

Bank of Scotland announces an increase in the monthly rate of interest charged to Bank of Scotland Visa Cardholders from 1.75% to 2%. Equivalent to an APR of 24.8%, for purchases and, typically, 27.1% for cash advances. Interest at the new rate, calculated on the daily balances left outstanding from the previous statement date will be charged and shown on Cardholders' statements issued from 1st September 1984. No interest is charged, however, if the whole of the outstanding balance is repaid by the 25th day following the date of the statement.

Bank of Scotland VISA CARD INTEREST RATE

Table with 2 columns: Bank Name and Interest Rate. Includes entries for A.B.N. Bank, Allied Irish Bank, Amro Bank, Bank of Scotland, etc.



Rise in Spanish car exports likely to fuel row with UK makers

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SPAIN'S output of cars will rise strongly in the next two years and considerably more than half of production will be exported, according to the latest forecasts from the International Automotive Review.

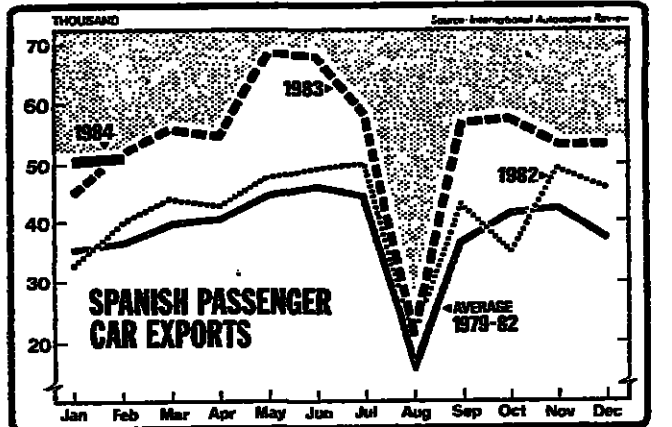
The estimates will add fuel to the growing row between Spain and Britain about the imbalance of trade between them in cars and motor components, and the high tariff barriers erected by Spain.

Car production in Spain this year is forecast by the review to reach 1.2m—a 5 per cent increase from the 1983 level. Output should reach 1.25m next year—a further 4 per cent rise.

The review also predicts that car exports from Spain will be 675,000 this year—up by 5.3 per cent on those of 1983 and representing 56.25 per cent of total output. Next year, it is forecast, exports are to go up to 720,000, or another 6.6 per cent, and to account for 57.6 per cent of total production.

The review believes that Spain will continue to remain well ahead of the UK as a car producer and exporter. It forecasts that UK car output will be 1.05m this year, and will drop to 1.02m in 1985. It predicts exports of about 250,000 for both years.

Whereas imported cars will represent substantially more



Businessmen hit out at Eximbank

By Nancy Dunne in Washington

THE NATIONAL ASSOCIATION of Manufacturers (NAM) has released a survey that suggests serious dissatisfaction within the U.S. business community with the competitiveness of the U.S. Export-Import Bank.

The survey of 43 companies indicated that many businesses preferred to seek export finance overseas through their foreign subsidiaries than to apply to Eximbank. The association said 68 per cent of the companies did not take business to Eximbank because they felt either that finance was not available or would be uncompetitive.

Eighteen companies identified nearly \$1bn (£762m) worth of exports, about which they had not consulted the bank during the past 18 months. Fifty-three per cent of the respondents said they had supplied goods from foreign plants because of better export facilities abroad.

One engineering and construction company told the NAM, "the name of the game is to get the exports... and not just grant-out paper (preliminary commitments) that can't win business." A heavy equipment manufacturer urged Eximbank to become "active rather than reactive."

Of those surveyed, 53 per cent said Eximbank was inadequate in its job of financing U.S. exports. However, several respondents praised the bank for having reduced its interest rates to the minimum required for the Organisation for Economic Co-operation and Development for loans in support of exports. Respondents also cited favourably such Eximbank efforts as greater help for small businesses and its guarantee of payments in currencies other than the dollar.

U.S. manufacturers cited five aspects of Eximbank's policies as troublesome:

- A 2 per cent user fee on disbursed loans.
- Relatively high interest rates on direct loans.
- A percentage of loan coverage that is not competitive with foreign offerings.
- The virtual absence of a mixed credit programme.
- Lack of medium-term credit.

U.S. drugs imports set to rise by 35%

By Carla Rappoport

IMPORTS of drugs into the U.S. are expected to grow by at least 35 per cent this year, almost double the rate of the last few years.

Based on figures for the first five months of 1984, the U.S. Department of Commerce is forecasting that imports of drugs into the U.S. could reach \$1.77bn this year, some 35 per cent over last year's figures. As U.S. pharmaceutical exports are expected to grow by only 6.5 per cent this year, the Commerce Department is predicting a marked fall in the industry's positive balance of trade.

According to Mr Leo MacIntyre, the Commerce Department's drug industry specialist, the surge is due in part to the strong dollar but, equally just as importantly, to the increase of drug product patent expirations. When a drug's patent expires, rival drug companies are permitted to purchase less expensive ingredients from foreign sources and manufacture non-branded, generic, versions of the drug.

He said the increase in imports of raw materials for the new generic drugs was most notably from Italy, Denmark, Switzerland and the UK. The increase in biological products, is believed to be due to increased sales of vaccines and diagnostic products by Canada, the UK, Sweden and France.

Ericsson wins Uruguay 'phone system deal

By Kevin Dons, Nordic Correspondent, in Stockholm

L. M. ERICSSON, the Swedish telecommunications and information systems group, has announced that its AXE digital telephone exchange system has been selected by ANTEL, the Uruguayan telecommunications agency, as the basis for a 200,000-line upgrading scheme which will expand the country's capacity by about 40 per cent.

Siemens, ITT, GTE and NEC competed in the selection process, an Ericsson spokesman said. The choice represents the group's first break into the Uruguayan market.

While no figures have been released on the size of the deal, it is understood that it could eventually involve as much as SKr 300m (£27m). The first orders in what is expected to be a two- to four-year programme are expected "within the next few weeks," said one company official.

Mohammed Aftab reviews last week's meeting of Third World fabric producers Campaign to end curbs on textile exports

THE Third World's textile-producing countries are to launch a campaign to end restrictions imposed by industrialised Western nations on their exports.

Following a five-day workshop last week, attended by 25 countries in Karachi, they are also seeking unconditional most-favoured nation status.

In return for an open-door policy by the West, the Third World producers would be willing to consider voluntary export restraints.

To push their point, the producers are to establish an International Textiles and Clothing Bureau in Geneva, headquarters of the General Agreement on Tariffs and Trade (GATT) organisation. Eight countries—Pakistan, China, Hong Kong, India, Mexico, South Korea, Morocco and Colombia—have already signed an agreement to set up the bureau and Argentina, Brazil and Peru have indicated their willingness to do so.

Other countries have said they will join after they have secured agreement from their governments.

Geneva has been chosen as the Swiss city will be the centre of the negotiations which are about to begin over the future of the Multi-Fibre Arrangement (MFA).

The MFA governs much of world trade in textiles and clothing and is due for renewal in July, 1986. Preliminary discussions about its future have already been held in Gatt and these are expected to accelerate by the end of the year.

The first MFA came into existence in 1974 and offered the Third World producers an increasing share of Western markets, particularly in Europe and the U.S. By the time it was renewed in 1978, these hopes had turned sour and the developing countries found their export industries being squeezed. MFA 2, adopted last year, continued this squeeze and was introduced to bitter comment from the developing world.

The immediate task of the bureau will be to "strengthen the negotiating position of developing countries, through effective co-ordination and technical support," according to a statement issued at the end of the Karachi conference.

The textile producers see the new bureau as "the formalisation and institutionalisation of co-operation among developing exporters of textiles and clothing" which began in Bogota, Colombia in November, 1980.

The Karachi participants will meet again in Geneva before the next session of the Gatt contracting parties in the autumn and future workshops will be held in 1983, with Mexico and South Korea offering to play host.

Mr Ishaq ul Haq, permanent secretary in Pakistan's Commerce Ministry, who was the workshop chairman, said that

SHIPPING REPORT Tanker rates weaken as fighting in Gulf subsides

By OUR INDUSTRIAL STAFF

WITH SOME 8.5m tons of crude oil carrying capacity standing idle in the Gulf at the end of last week—22 VLCCs and ULCCs and 23 smaller vessels—the extent to which the war between Iran and Iraq has been underpinning tanker charter rates becomes ever clearer.

Over the past fortnight, action in the area, particularly against shipping, has subsided. With the price of oil continuing to weaken, tanker owners have seen their rates slip away.

"There is no doubt," reported one London broker last week, "that if overt war-like operations do not recommence, charterers will be able to maintain the initiative."

Petrolia fixed a part cargo of 108,000 tons out of Kharg Island to the UK, the Continent and the Mediterranean at Worldscale 52.5 and Total is reported to have fixed a similar sized cargo, out of a non-Iranian port to the same destinations, for Worldscale 35.

Another London broker said on Friday that the build up of tonnage in the Gulf "could become desperate".

Talks fail to end U.S.-Peru airline dispute

DIRECT AIR services between Peru and the U.S. remained suspended yesterday after negotiations failed to break a two-month deadlock over transport rights, Reuter reports from Lima.

A Transport Ministry communique said 10 days of talks in Lima between U.S. and Peruvian civil air authorities had ended at the weekend with no accord in sight.

It said both sides would review the negotiations.

Air services between the two countries were suspended on May 22 because of a dispute over Peru's refusal to let Eastern Airlines pick up local passengers in Lima.

WORLD ECONOMIC INDICATORS

TRADE STATISTICS					
	June '84	May '84	Apr. '84	June '83	
UK £bn	Exports 5.881	5.635	5.370	5.075	
	Imports 6.029	5.953	4.207	4.916	
	Balance -0.148	-0.319	-0.837	+0.159	
France Frbn	Exports 69.00	73.100	66.00	60.27	
	Imports 74.25	73.017	70.40	63.97	
	Balance -5.25	+0.083	-4.40	-2.70	
Japan \$bn	Exports 14.75	14.28	14.45	12.29	
	Imports 10.72	12.43	11.34	10.34	
	Balance +4.03	+1.85	+3.11	+1.95	
W. Germany DMbn	Exports 39.40	38.54	37.77	34.98	
	Imports 35.19	35.91	35.39	31.50	
	Balance +4.21	+2.63	+2.38	+3.48	
U.S. \$bn	Exports 17.950	17.522	17.727	15.655	
	Imports 25.569	28.348	26.771	21.446	
	Balance -7.619	-10.826	-9.044	-5.791	
	Apr. '84	Mar. '84	Feb. '84	Apr. '83	
Italy Lirebn	Exports 5.502	10.818	10.171	9.002	
	Imports 11.174	12.367	11.171	10.715	
	Balance -5.672	-1.549	-0.994	-1.713	

ABBEY NATIONAL MONEY SERVICE New Rates

INVESTORS
With effect from 1st August 1984 the following rates of interest will apply to investment accounts both new and existing.

SHARE ACCOUNTS
7.75% p.a. net = 11.07% gross*

CHEQUE-SAVE ACCOUNTS
up to £2,499
6.50% p.a. net = 9.29% gross*
£2,500 and over
8.75% p.a. net = 12.50% gross*

SEVEN DAY ACCOUNTS
8.75% p.a. net = 12.50% gross*

BUILD-UP SHARES
8.75% p.a. net = 12.50% gross*

HIGHER INTEREST ACCOUNTS
9.25% p.a. net = 13.21% gross*

*Where Income Tax is paid at a basic rate of 30%.

ABBEY NATIONAL
Abbey National Building Society, Abbey House, Essex Street, London WC1E 6EX.

Banque Nationale de Paris Hong Kong Group

is pleased to announce the successful conclusion of a joint venture agreement for the establishment of the

Guangdong-Lyon Trading Co.

between

Ets J. Brochier Soieries of Lyon, France and **China Silk Corporation** of Guangdong, China

BNP

Britoil

steady progress in first half of 1984

CONSOLIDATED PROFIT AND LOSS ACCOUNT (Unaudited)	Six Months ended 30.6.84 £ million	Six Months ended 30.6.83 £ million
Turnover	631.9	568.8
Operating Profit	282.1	287.2
Net Interest Payable	(2.1)	(12.4)
Profit on ordinary activities before taxation	280.0	274.8
Taxation		
Petroleum revenue tax		
- excluding safeguard	(165.8)	(169.0)
- safeguard	15.6	29.4
Corporation tax	(66.4)	(82.7)
Profit for the financial period	63.4	52.5
Dividends	(16.5)	(16.5)
Amount set aside to reserves	46.9	36.0
Earnings per share	12.66p	10.50p
Funds generated from operations less tax paid	290.5	276.5
Additions to fixed assets	269.9	153.9

THE SIX MONTHS' HIGHLIGHTS

- * Turnover increases to £632m, up by £63m (11%) on the 1983 half year.
- * After-tax profits increase to £63m, up by £11m (21%) on the 1983 half year.
- * Oil production averages 1.48,900 barrels per day (1.47,900 in the 1983 half year).
- * Development Plans approved for the Sean North and South gas fields (Britoil interest 25%).
- * As operator, Britoil commissioned the Beatrice 'B' platform, placed the order for the Beatrice 'C' jacket, and awarded several major contracts for the Clyde oil field development.
- * Maintained position as one of the most active UKCS explorers, involved in a total of 22 wells.
- * Construction of the deep water semi-submersible drilling rig at Scott Lithgow continued following successful negotiations with the new owners.
- * Further consolidation of International activities in the USA: agreement signed to acquire 50% of Amax Petroleum's exploration and production assets.
- * Other International activities continued to expand - licences awarded in Indonesia (Merangin block), Norway (Haltenbank block) and Denmark (including one operated block).

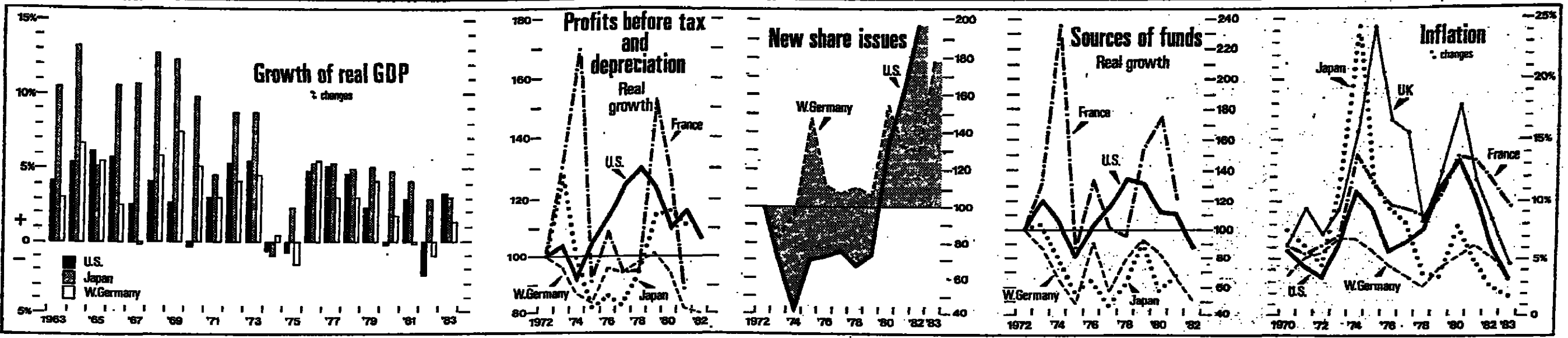
DIVIDENDS The Directors have decided to pay an interim dividend of 3.3p per share. Payment will be made on 1st October 1984 to shareholders on the register at the close of business on 3rd September 1984.

For a copy of the Interim Report please complete and return the coupon to the Company Secretary, Britoil plc, 150 St Vincent Street, Glasgow G2 5JJ. Existing shareholders will receive the Report shortly.

Name: _____
Address: _____

Britoil
Energy at work for Britain

STATISTICAL TRENDS: COMPANY FINANCING



Growth needed to repair damage

CORPORATE profits worldwide have staged a spectacular recovery recently, with attendant increases in self-financing capability, while borrowing requirements have also increased. Allowing for a variety of profit measures and the problems of inter-country comparisons, the evidence is that in the most recent year (1983 or 1983-4) earnings by U.S. companies have risen 30 to 40 per cent and profits in West Germany and Japan by around 15 to 20 per cent.

Growth will need to continue in order to repair the damage of earlier years. Since the early 1960s net rates of return on fixed capital have steadily declined, in the U.S. and Japan from about 20 per cent to between 13 and 14 per cent (the decline in manufacturing industry has been steeper). In some European countries—the UK and France—the decline has been even more marked, from around 12 per cent to some 5 to 6 per cent.

On the economic front the 1960s saw sustained economic growth and low rates of inflation. During the 10 years from 1972 to 1982 the world economy experienced two recessions, in 1974-5 and 1980-2, accompanied by periods of high inflation and a fourfold increase in the real price of oil.

High nominal interest rates were also a feature of the recessions and, although

Year	U.S.	Japan	W.Germany	France
1978	11	26	11	11
1979	12	26	11	11
1980	13	29	11	11
1981	15	24	11	11
1982	17	n/a	11	11

because the proportion of interest payment is effected by such factors as the nature of company financing and taxation.

High interest rates also increase the compensating interest received on surplus funds. Companies need for funds took a dramatic downturn in 1980-2 with a return to internal financing accounting for a high proportion of the total, as investment in stocks was reduced and fixed investment showed little or no growth.

of total liabilities. The corresponding figure for Japan is around 17 per cent—the effect of savings habits, tax policy and share issue practices.

Japan has the tradition of a high personal savings ratio of

Year	U.S.	Japan	W.Germany	France	Italy
1972	54	28	28	28	43
1977	54	28	28	28	38
1981-82	27	28	28	28	18

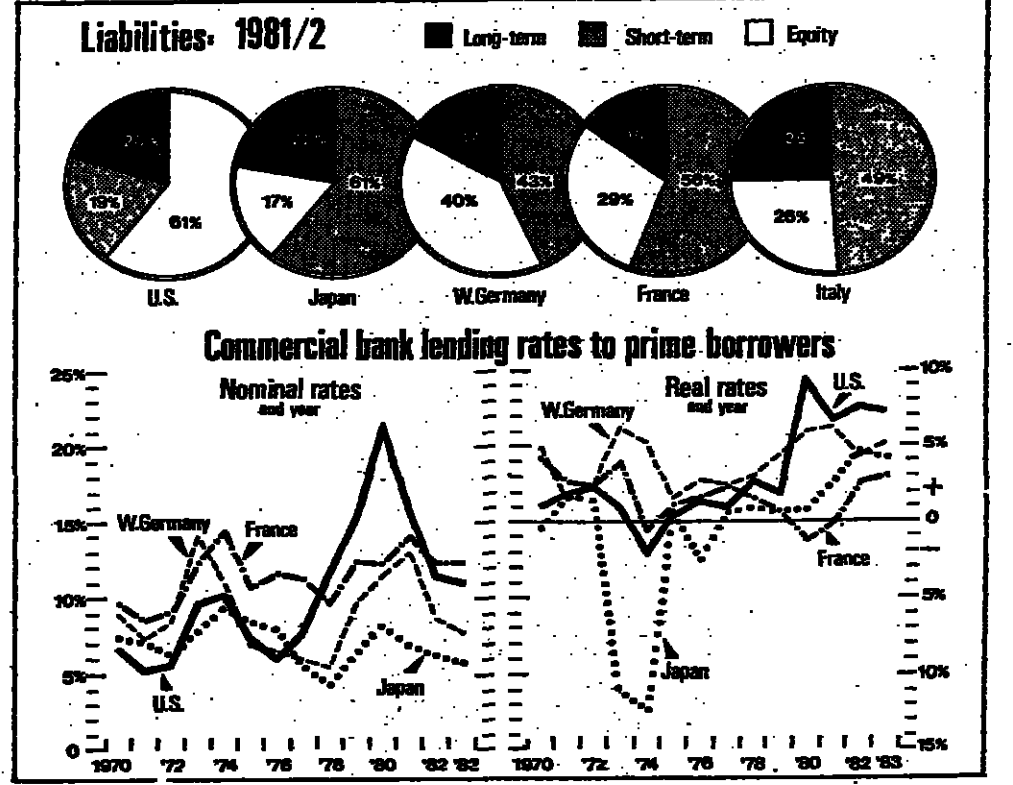
In the U.S. and Britain the

Year	U.S.	Japan	W.Germany	France	UK
1965	21	32	27	28	20
1970	28	40	27	28	23
1975	17	32	21	23	16
1980	18	32	22	22	19
1982	16	31	22	19	17

equity markets provide a major source of external financing. Analysis of company balance sheets shows that in the U.S. equity forms about 60 per cent

20 per cent, and these funds have flowed through the banking system to finance the corporate sector. Thus Japanese industry has a high proportion of debt in its financial structure. However, there too, a trend has developed towards increased use of the equity markets and to borrowing in the foreign capital markets.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Design Department.



Year	U.S.-1	Japan	Germany	France
70	14	14	14	25
71	13	15	15	24
72	12	16	16	23
73	14	16	17	24
74	17	18	18	25
75	15	18	18	24
76	13	14	14	23
77	12	14	14	22
78	12	14	14	22
79	16	18	18	24
80	16	18	18	24
81	16	18	18	24
82	17	n/a	18	24

Year	U.S.	Japan	Germany	France
1970	80	n/a	87	81
1971	80	n/a	87	81
1972	80	n/a	87	81
1973	80	n/a	87	81
1974	80	n/a	87	81
1975	80	n/a	87	81
1976	80	n/a	87	81
1977	80	n/a	87	81
1978	80	n/a	87	81
1979	80	n/a	87	81
1980	80	n/a	87	81
1981	80	n/a	87	81
1982	80	n/a	87	81

Year	U.S.	Japan	W.Germany	France	UK
1965-67	34	14	22	12	n/a
1968-71	34	14	22	12	n/a
1972-75	20	8	17	13	18
1976-80	18	6	14	10	15
1981	12	2	11	7	14

Year	U.S.	Japan	Germany	France
70	79	n/a	78	70
71	80	n/a	78	70
72	80	n/a	78	70
73	80	n/a	78	70
74	80	n/a	78	70
75	80	n/a	78	70
76	80	n/a	78	70
77	80	n/a	78	70
78	80	n/a	78	70
79	80	n/a	78	70
80	80	n/a	78	70
81	80	n/a	78	70
82	80	n/a	78	70

Year	U.S.	Japan	Germany	France	Italy
70	30	n/a	82	84	88
71	30	n/a	82	84	88
72	30	n/a	82	84	88
73	30	n/a	82	84	88
74	30	n/a	82	84	88
75	30	n/a	82	84	88
76	30	n/a	82	84	88
77	30	n/a	82	84	88
78	30	n/a	82	84	88
79	30	n/a	82	84	88
80	30	n/a	82	84	88
81	30	n/a	82	84	88
82	30	n/a	82	84	88

Year	U.S.	Japan	Germany	France	Italy
70	30	n/a	82	84	88
71	30	n/a	82	84	88
72	30	n/a	82	84	88
73	30	n/a	82	84	88
74	30	n/a	82	84	88
75	30	n/a	82	84	88
76	30	n/a	82	84	88
77	30	n/a	82	84	88
78	30	n/a	82	84	88
79	30	n/a	82	84	88
80	30	n/a	82	84	88
81	30	n/a	82	84	88
82	30	n/a	82	84	88

Year	U.S.	Japan	Germany	France
1970-74	23.9	82.1	82.9	47.7
1975-79	22.5	82.2	82.9	47.7
1980-83	22.5	82.2	82.9	47.7

This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Exchange Offer is made only by the Offering Circular dated June 20, 1984, as amended on July 12, 1984 and further amended on July 25, 1984, and the related Letter of Transmittal, and the Exchange Offer is not being made to, nor will tenders be accepted from, holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

NOTICE AMENDMENT AND FINAL EXTENSION

Pengo Finance N.V.

Amends and Extends its Offer to Exchange its

Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991 and its Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991

for its

8½ per cent. Convertible Subordinated Guaranteed Debentures 1995

The Class A and Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures are convertible into Common Stock of, and guaranteed on a senior subordinated basis as to payment by,

Pengo Industries, Inc.
Fort Worth, Texas U.S.A.

Pengo Finance N.V., a Netherlands Antilles corporation ("Finance"), is offering to exchange \$500 principal amount of its Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due December 1, 1991 ("Class A Debentures") and \$500 principal amount of its Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due December 1, 1991 ("Class B Debentures"); the Class A Debentures and Class B Debentures are collectively referred to as the "New Debentures", in exchange for each \$1,000 principal amount of its 8½ per cent. Convertible Subordinated Guaranteed Debentures 1995 ("Old Debentures"). Accrued and unpaid interest on tendered and accepted Old Debentures will be cancelled. Old Debentures will be accepted only if tendered together with all interest coupons payable on or after December 1, 1983.

The New Debentures will be guaranteed on a senior subordinated basis by Pengo Industries, Inc. ("Pengo"), of which Finance is a wholly-owned subsidiary. The New Debentures will rank senior to the Old Debentures and Pengo's guarantees of the New Debentures will rank senior to Pengo's guarantees of the Old Debentures. The Old Debentures are convertible into Pengo Common Stock, par value \$25 per share, ("Common Stock") at a price of \$32.25 per share. The Class A Debentures will be convertible into shares of Common Stock at a price per share equal to the greater of \$1.25 or 105% of the most recent closing sale price of the Common Stock on or prior to the Exchange Date, and the Class B Debentures are amended to be convertible into shares of Common Stock at a price of \$4.00 per share from the previous conversion price of \$4.50 per share, in each case, subject to an effective registration statement under United States securities laws.

As of July 25, 1984, \$11,528,000 principal amount of Old Debentures representing 51.2% have been tendered.

The Exchange Offer is not conditioned upon the tender and acceptance of any minimum aggregate principal amount of Old Debentures; however, the tender and acceptance of at least 70% of the outstanding principal amount of Old Debentures is a condition to the consummation of a pending debt restructuring agreement of Pengo, unless such condition is waived or modified. If, however, such condition is not satisfied, waived or modified, the Exchange Offer will not be consummated and all tendered Old Debentures will be returned.

THE FINAL EXTENSION OF THE EXCHANGE OFFER EXPIRES AT 10:00 P.M. LONDON TIME, (5:00 P.M. NEW YORK TIME) ON AUGUST 7, 1984.

The terms and conditions of the Exchange Offer are set forth in the Offering Circular dated June 20, 1984, as amended on July 12, 1984 and further amended on July 25, 1984 and the related Letter of Transmittal, copies of which should be obtained from the Exchange Agent. All tenders are irrevocable if accepted by Finance prior to August 16, 1984. All tenders not accepted by Finance prior to August 16, 1984 may thereafter be withdrawn.

The Old Debentures were suspended from trading on the Luxembourg Stock Exchange on December 12, 1983.

REQUESTS FOR ASSISTANCE AND COPIES OF RELATED DOCUMENTS SHOULD BE DIRECTED TO THE EXCHANGE AGENT AS FOLLOWS: MR. RICHARD CREWS, CHEMICAL BANK, 180 STRAND, LONDON WC2R 1ET. TELEPHONE NUMBER: (COLLECT), 01-379-7474, TELEX NUMBER: 264766 (ANSWER BACK CHEMBK G)

July 25, 1984.

Financial Times Conferences

WORLD AEROSPACE

AEROSPACE AFTER THE RECESSION

London, August 28, 29 and 30

This three-day meeting just prior to the Farnborough International Air Show will bring together a distinguished panel of top executives from the world airline and aerospace industries and regulatory authorities to address the theme "Aerospace After the Recession—where do we go from here?" Three additional topics have been added to the programme: "Aerospace Manufacturing in the Developing World" will be reviewed by Mr. Ozires Silva, Chief Executive Officer, Embraer; "The Role of the Airlines Industry in World Aerospace" by Mr. J. E. Paffens, Managing Director, Marcel Avionics and "The Future for Guided Weapons" by Mr. R. J. Rosser from British Aerospace Dynamics Group.

VENTURE CAPITAL FINANCIAL FORUM

London, December 3 and 4

This event, arranged by the Financial Times and the British Venture Capital Association, provides a unique opportunity for investment managers and senior executives from financial institutions to meet some of the leading venture capital backed companies in Britain—all of which will either be raising additional venture capital funding or seeking a public quotation be it on the USM or by way of a full stock market listing in the foreseeable future. The forum is arranged to allow the maximum amount of time for meetings between delegates and participating companies. Both afternoons are set aside for private meetings following the short formal presentations made by each company in the morning. It is anticipated that some 30 companies will make presentations and the following sectors are likely to be represented: Biotechnology, Computers and Micro-Computers, Electronics, Instrumentation, Process Control and Software.

ELECTRONIC FINANCIAL SERVICES

London, October 22 and 23

This conference, which will explore the principal trends in new electronic financial services, will feature papers by: Mr. F. G. Reeve, General Manager, Management Services Division, National Westminster Bank plc; Mr. Peter G. Lumb, General Manager, Leeds Permanent Building Society; Mr. Jacques de Keyser, Head of Business Promotions Department, Société Générale de Banque and Mr. Robert B. Willumstad, Senior Vice-President, Financial Services Division, Chemical Bank.

All enquiries should be addressed to:
The Financial Times Limited
Conferences Organisation
Minster House, Arthur Street, London EC4R 9AX
Tel: 01-621 1355 (24-hour answering service)
Telex: 27347 FTCONF G. Cables: FINCONF LONDON

Western Trust & Savings

a subsidiary of the

ROYAL BANK OF CANADA

INCREASE IN MORTGAGE INTEREST RATES

The rate of interest charged to both new and existing borrowers with mortgages will be increased by 2.5% p.a. on loans up to \$50,000 and by 2.25% p.a. for loans thereafter, subject to our normal lending terms, from 1st September 1984.

Borrowers will be advised individually of the effect of this change on their accounts.

Western Trust & Savings Ltd
The Monocentre, Plymouth PL1 1SE
Telephone (0752) 24141

U.S.\$35,000,000 SERIES 10

TELEFONOS DE MEXICO, S.A.

(Organised under the laws of the United Mexican States)

Six Month Notes Issued in Series

under a

U.S. \$75,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 12¼% per annum. The Maturity Date of the above Series of Notes will be 28th January, 1985.

27th July, 1984

Samuel Montagu & Co. Limited
Issue Agent

هذا من الاصل

Continental

At last, a rumour we can confirm.

These past few months you've probably heard more about Continental than you'd care to know.

Now, we're happy to report, we have a plan designed to solve our problems in the best interest of everyone concerned.

The key provision of the plan is that Continental will continue to operate as a vital financial institution, free of the bulk of the problem loans which had become a burden on our financial and human resources.

We want to emphasise that, while the FDIC will have a strong investment position in the bank, Continental will be privately managed.

And we will be competitive.

The situation is complex. And so is the solution. It will take time. And it won't be easy. But with the continued support of our friends, employees and customers, it can be done.

We'll be telling you more about our plan in the weeks to come.

But right now, all of us at the bank would like to thank all of you who've given us your loyalty and encouragement. And assure you that we are committed to emerging a stronger and healthier Continental.



CONTINENTAL BANK
Continental Illinois National Bank and Trust Company of Chicago

ern Trust
Savings

CREASE
MORTGAGE
INTEREST RATE

A message to Sealink customers from British Ferries Ltd.

Senior officials of the National Union of Seamen and the National Union of Railwaymen have met with the new owners of Sealink UK Ltd. and will convey to their National Executives the results of these discussions. Based on undertakings given by the new owners, both unions wish to inform the travelling public and road hauliers that no further industrial action over the issue of privatisation of Sealink UK will be recommended to their members. Furthermore, in the interest of assuring users of Sealink UK ships of regularity and dependability of service, so they may book their holidays and passages without fear of delay the unions will recommend to their members that no industrial action be taken which would cause disruption to Sealink UK services and not at the same time to those of competitors.

This announcement is made by British Ferries Ltd. on behalf of its subsidiary Sealink UK Ltd. and on behalf of the National Union of Seamen and the National Union of Railwaymen.

SEALINK
British Ferries Ltd.

Determined to give you a better service.

Recovery in economy 'losing its momentum'

BY PHILIP STEPHENS

THE PACE of Britain's economic recovery is slowing and business confidence is beginning to weaken, according to studies published today.

The independent Oxford Economic Forecasting group says the Government will face growing problems in coming months in maintaining the momentum of the recovery, and predicts the economy will enter a mild recession in 1985.

In its latest medium-term forecast the group says growth will fall to 2.5 per cent this year from more than 3 per cent in 1983, and will then decline to 1.8 per cent in 1985. If the miners' strike continues through the winter and UK interest rates are kept at their present high levels by rates in the US, the prospects will be considerably worse, it says.

A decline in optimism in the outlook for the economy is reflected in the latest survey of manufacturing firms in south east England by the London Chamber of Commerce.

The quarterly survey was conducted before the recent sharp increase in UK banks' base lending rates. None the less it shows that the balance of firms reporting higher output, orders and investment has fallen significantly in the last three months.

Companies remain relatively optimistic about the prospects for export orders, but business confidence in general has declined and fewer companies expect increased domestic sales.

The impact of the recent industrial and financial turbulence on business confidence is also likely to show up in the latest quarterly

trend survey to be published by the Confederation of British Industry, the employers' organisation, later this week.

Based on developments since the last quarterly survey in April, fewer firms are likely to be forecasting increased output and orders in coming months.

The Oxford Group says the severe uncertainties will cloud the outlook for the rest of this year. The British Government's flexibility in responding to a decline in output may be limited by the financial markets' expectation of rigorous adherence to the medium-term financial strategy.

The recent weakness of sterling might also signal that the authorities will face a growing external constraint on their policies as the trade balance deteriorates, the group says.

Finally, a continuation of the miners' strike into the winter could generally undermine confidence in the Government, increasing the pressures in financial markets.

The group's forecast of slower growth this year is shared by the stockbroker James Capel, which says the recent rise in interest rates might trigger an abrupt end to the consumer spending boom which has so far provided the main engine of recovery.

Capel expects, however, that after falling in 1984, the rate of growth will hold steady at just over 3 per cent in 1985.

It also predicts a fairly buoyant performance for investment and exports and says that while inflation will rise in the short-term it should decline again later next year.

UK NEWS

Ministers set for change in autumn reshuffle

BY PETER RIDDELL, POLITICAL EDITOR

AN ADDITIONAL minister, possibly of Cabinet rank, is likely to be appointed later this year at the Environment Department to deal with local authorities.

Any change will be announced as part of the Government reshuffle expected in early September.

Mrs Margaret Thatcher, Prime Minister, has apparently not yet decided whether the appointment should be at Cabinet level. There have been precedents for departments having two Cabinet ministers, though there is apparently some reluctance to make such a change.

Among possible candidates are Mr Kenneth Clarke, Health Minister, and Mr Kenneth Baker, Information Technology Minister. Both are regarded as effective advocates of the Government's case.

Mrs Thatcher feels that an excessive workload has fallen on Mr Patrick Jenkin, Environment Secretary, and this is partly because of the size of his department

but reflects the demands imposed by the Government's efforts to reorganise local authorities and to control their spending.

The justification for an additional minister is that the lengthy Bill to abolish the Greater London Council and the metropolitan county councils, together with the action needed to implement rate-capping (spending curbs), will absorb even more ministerial time in the coming parliamentary session than during the past year.

One problem is that Lord Bellwin, Minister for Local Government, is in the House of Lords, and hence much of the House of Commons work falls on Mr William Waldegrave, an under-secretary. Conservative leaders believe that Mr Waldegrave has done a good job in arguing the Government's case but think that the team needs to be strengthened.

Many observers at Westminster will see the proposed change as an attempt to make up for the continuing weaknesses of Mr Jenkin in defending the local government legislation, although he is almost certain to remain as Environment Secretary for at least another year.

There has also been speculation at Westminster about changes at the medium and junior level at the Department of Trade and Industry in view both of the long time that some ministers of state have held their jobs and the heavy future legislative load in some areas.

At Cabinet level, the present expectation is that the only two departures from the Government will be Mr James Prior, Northern Ireland Secretary, and probably, though not definitely, Lord Cockfield, Chancellor of the Duchy of Lancaster.

The consequent changes further down the scale, reorganisations at a couple of departments and the departure of half a dozen junior ministers, could mean a sizable shake-up among ministers and under-secretaries, even if most of the moves are sideways.

Peter Riddell looks at some rising and fading fortunes

Searching for Tory stars

QUESTIONS of 'who's up and who's down' recur in almost every conversation at Westminster, just as much as at any Renaissance court. What Mr Enoch Powell describes as events "out of doors" naturally matter, reputations are still largely made and lost at Westminster.

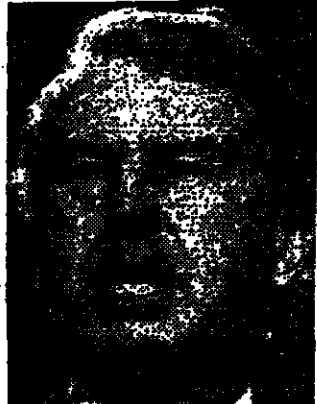
Reputations at Westminster can fluctuate like stock market trends. It is fashionable to "talk up" Mr Peter Walker, the Energy Secretary, who is exploiting his political shrewdness, Mr George Younger, the Scottish Secretary, Mr Tom King, the Employment Secretary, and Mr John Biffen, a popular Leader of the House of Commons.

Among the established stars Mr Michael Heseltine has consolidated his position as Defence Secretary with his recent reorganisation, although he faces difficult spending choices. Mr Norman Tebbit has faded somewhat from the public eye after being the meteor of 1981 to 1983, partly because he had been absorbed in the details of the Department of Trade and Industry, which has allowed him less scope for pyrotechnics than the Department of Employment. The cynics wonder whether he is pacing himself for the long haul.

There have also been recovery stories. For instance, Mr Norman Fowler, the Social Services Minister, has escaped from the spiral of accident and failure of a year ago which finished Mr David Howell as Transport Secretary and now afflicts Mr Patrick Jenkin as Environment Secretary. Mr Fowler started his comeback with his speech on the National Health Service at the last Conservative Party Conference and has continued with his piecemeal initiatives on the social security system.

The obvious "downs" in the Cabinet are Mr Nicholas Ridley, the Agriculture Minister, Mr Nicholas Ridley, the Transport Secretary, and Lord Whitelaw, the Leader of the House of Lords, who has suffered from their Lordships' unwillingness to swallow Thatcherism whole.

The standing of the three main officers of state has not altered



Mr George Younger (left) and Mr Peter Walker, whose political careers seem to be in ascendancy

much. Mr Nigel Lawson, the Chancellor of the Exchequer, had a considerable coup with his budget this year but has not exploited this success. Mr Leon Brittan has adroitly handled most of the unexpected crises of the Home Office after a poor start with his speech on capital punishment, while Sir Geoffrey Howe has proved a predictably dogged Foreign Secretary, though his poor performance in the Commons have probably ruled him out as a future leader of the party.

Outside the Cabinet, the fashionable rising stars are Mr Malcolm Rifkind, Minister of State at the Foreign Office, and Mr Kenneth Clarke, the Minister for Health, both of whom are among the Government's sharpest public advocates.

Mr Kenneth Baker, the Minister for Information Technology, and Mr Douglas Hurd, Minister of State at the Home Office, remain on everyone's promotion list, though both have been knocking on the Cabinet door for some time.

Most of their ambitions seem likely to be disappointed since the signs at Westminster are that in any September reshuffle only Mr James Prior, Northern Ireland Secretary, and Lord Cockfield, the Chancellor of the Duchy of Lancaster, will leave the Cabinet, the hapless Mr Jenkin being relieved for the time being.

The favourites to take over from Mr Prior are Mr Younger despite protestations about the drawbacks of appointing a Scottish Protestant - Sir Patrick Mayhew, the Solicitor General, and Mr Hurd. Mr Younger's position in Scotland would almost certainly be taken by Mr Rifkind.

Lord Cockfield's departure would be unlamented by almost all his colleagues though it would create a gap for either the promotion of Lord Gowrie, the Minister for the Arts and the Government's best debater in the Lords, or for the return of Lady Young, a former Leader of the Lords, currently at the Foreign Office.

Mrs Thatcher might be planning a bigger shake-up further down the scale - dropping some junior ministers in their 50s who are not going to move any higher, and shifting around some long-serving ministers of state.

Mrs Thatcher is apparently not inclined to make any major changes at present. On the whole she likes her team. Any late summer reshuffle will probably be a first instalment, however, and Messrs Howe, Lawson, Clarke and Baker might have to wait only until a bigger reshuffle in a year or so. They should remember that Westminster ratings can change quickly, however.

COMPUTER AND PUBLISHING GROUP EXPANDS RAPIDLY

Prism squares up to success

BY JASON CRISP

MR RICHARD HEASE, chairman and founder of prism technology, said: "One of our problems is getting the City to understand our business." The fast-growing company has products ranging from home robots and business computers to publishing.

"The City wants to label you and tends to shy away from curious things... and we are a curiosity." Nevertheless, Prism has just placed 10 per cent of its equity with Barclays Development Capital, Equity Capital for Industry and CIL. The placement values this two-year-old company at £12m, and on paper Mr Hease is worth just a little more than £8m.

Prism is expected to report soon that its turnover for the year ended June 30 was £30m - three times the previous year's figure. Pre-tax profits are expected to exceed £700,000 compared with £400,000 last year.

Mr Hease does not expect growth to continue at such a fast rate but he does have high ambitions for the company and wants it to become a major high-technology group by the end of the decade. He hopes to float the company publicly in about two years, which is why he is concerned whether the City of London will understand its diverse activities.

Prism's largest single activity is distributing Sinclair home computers to most outlets in the UK, except major chains like W. H. Smith, Boots and Dixons. Prism's own growth has been fuelled by the extraordinary success of the Sinclair computers.

At the same time Prism has de-

veloped other activities including the Wren, its own business computer, modems, software and home robots. In this financial year Sinclair distribution is expected to account for about 40 per cent of turnover, which is expected to be about £50m.

Mr Hease is a former journalist who launched his own magazine in 1977 when it had been turned down as a proposition by his then employers, Haymarket Publishing. ECC publications was financed by the sale of two flower shops and was one of the first companies to exploit the boom in personal computer magazines.

ECC launched 90 magazines of which only two have failed. The company funded its growth by selling the successful titles to the large established publishing companies like IPC and EMAP and launching more titles with the proceeds.

Prism itself was set up two years ago, financed by ECC, which is now a subsidiary. The company started by offering to distribute the Sinclair ZX81 computer to small outlets and helped prolong the product's life.

It also started a joint venture with EMAP called Microzet 800. The idea was an extension of the ECC magazines which were publishing computer programs. Microzet enabled the home computer user to get programs directly down the telephone instead of having to key them in.

Microzet sold home computer owners a cheap modem which connected their machines to the telephone. The programs were stored

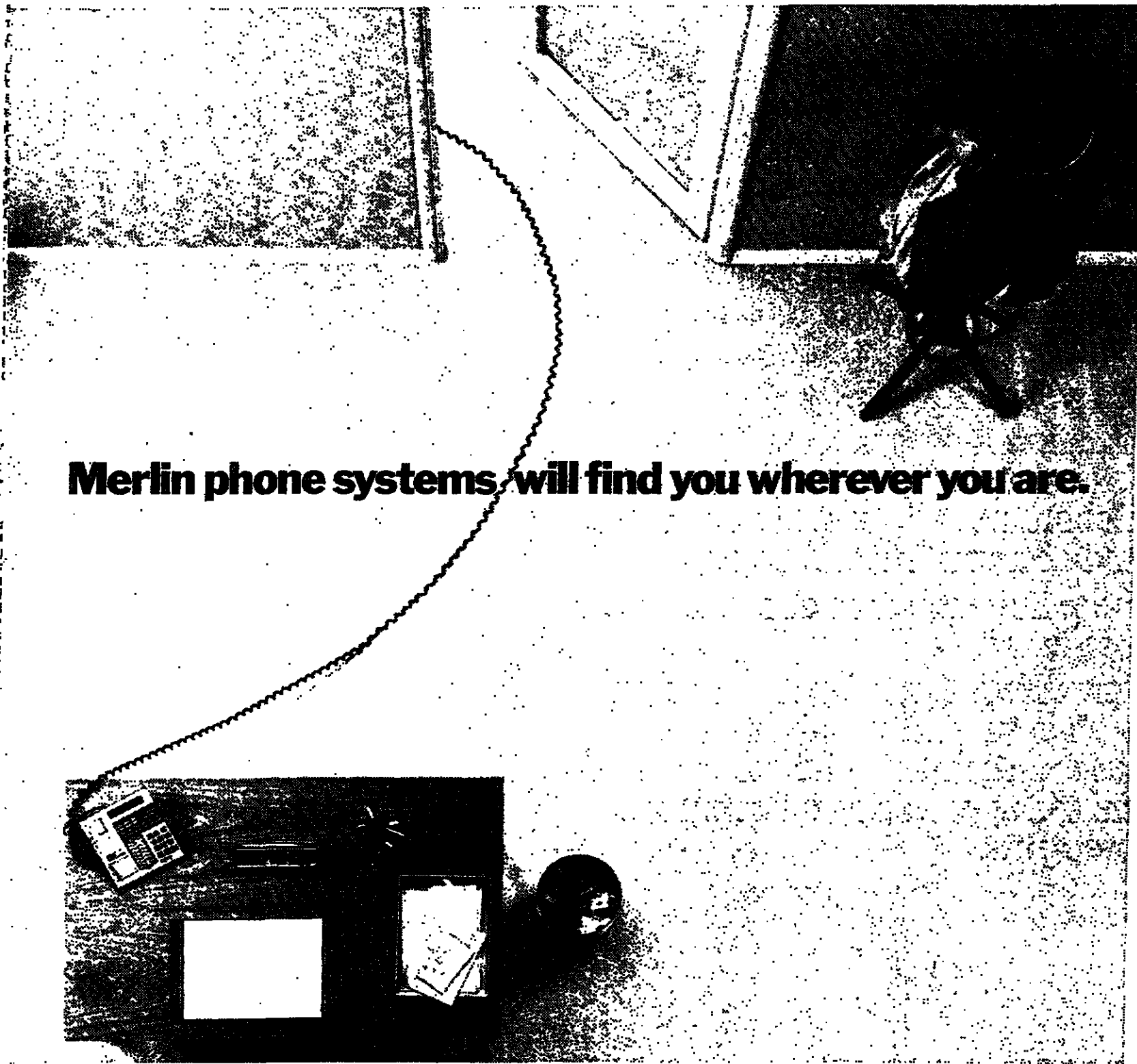
on British Telecom's Prestel service. Microzet became Prestel's first successful residential use after years of searching by BT.

Prism has now split with EMAP after a disagreement on future direction but still supplies it with modems and software. Prism is expected to launch a version of Microzet for business which will enable most of the leading personal computers like IBM, Apple and Apricot, to receive cheap programs via the telephone.

Prism's own venture into personal computers has been beset by delays which is a characteristic of the industry. Mr Hease says it has not been the typical software problem but a problem with the plastic mouldings, which is now resolved. The Wren is a portable business computer with built-in communications facilities - common in the US, but not in Britain - which costs less than £1,000.

The money raised by the flotation will be used to speed up internal developments of new products but also to help in the acquisition of small companies. Mr Hease said: "There are a lot of bright people in this country with ideas who just don't know how to bring them to the market."

Prism's strength is its ability to identify untapped markets and then find or develop the product for a small outlet. Examples range from the ability to launch more new magazines than major publishers to helping Sinclair Research sell its computers to China.



Merlin phone systems will find you wherever you are.

There's nothing more frustrating for callers than listening to your unanswered phone. And when you learn you've missed an important call you're probably just as incensed.

You need a phone system that won't take "no" for an answer. A British Telecom Merlin System.

Merlin phone systems, distributed exclusively by British Telecom Telephone Areas, are designed to save you time, money and aggravation. Let's say you're going to be away from your desk for a while in another part of the building. By simply tapping a few keys on your own extension and the number where you can be reached, all your incoming calls will be diverted to that number. It's as easy as that.

At the heart of each Merlin system is a microprocessor memory programmed to meet your particular demands. It can enable people within your company to key in their individual requirements, whether it's the numbers they constantly dial, redialling continuously engaged numbers or the diversion of calls.

With British Telecom Merlin Phone Systems no caller need feel unwanted, or go unheard.

Like all the wide range of features in Merlin phone systems, call diversion is geared to the smooth running of your business. What's more, Merlin phone systems are backed by British Telecom, so you can be sure that you have the most comprehensive service support available - only a call away. To find out

more about Merlin phone systems dial 100 and ask the operator for Freephone Merlin or fill in the coupon.

You won't go unanswered.

To: Victor Brand, British Telecom Merlin, FREEPOST London SW19 8BR.
Please send me a representative
Please send me further information (Phone systems)

NAME _____
POSITION _____
COMPANY _____
ADDRESS _____
POSTCODE _____
TEL. NO. _____

APPROVED
for use with
telecommunications systems
run by British
Telecommunications
in accordance with the
conditions of the
Telecommunications Act 1984

British Telecom
British Telecom Business Systems

British Telecom Merlin puts more system in your business.

هكذا من الاصل

Stock market examines \$2bn takeover bids

BY RAY MAUGHAN

THE STOCK market is currently weighing up three takeover bids worth more than £1bn in aggregate. Two others, worth over £400m if renewed on the original terms, are before the Monopolies Commission and should GEC finally decide to go for British Aerospace, the current market value of its target is over £870m.

commission has completed a lengthy investigation, if at all. The cumulative effect of current takeover activity on share prices generally might repeat the impact of the £1bn cash offer for Eagle Star by BAT Industries at the beginning of the year.

BET has over 40 per cent of initial and regards the deal as an integral element of its group strategy. It plans to argue its case all the way through the Monopolies investigation as will Dee, which holds a 19.9 per cent stake in Booker McConnell.

Phoenix has agreed the all-cash terms from Sun Alliance, which has

already acquired Continental Corporation's 24.3 per cent holding. In the other cases, both bidders can expect a fierce and protracted fight. The possibility of a third party entrant should not be overlooked and the history of the majority of past bid battles suggests, that Tate & Lyle, bidding for Brooke Bond, that Tate & Lyle and Standard Telephones and Cables, trying to buy ICL, will only be producing what each sees as its final terms on or shortly after the first closing date of the bid.

Neither bidder has published its offer document and, in a formal sense, their campaigns have not yet properly started.

Minimum wage proposals attacked

By Robin Pauley

A STRONG attack on wages councils - which set out minimum pay rates for lower-paid workers - and proposals for a national minimum wage which might price many people seeking work out of a job is published today.

In the latest Hobart Paper from the Institute of Economic Affairs, Dr David Forrest, economics lecturer at Manchester University, and Professor Stanley Demison, emeritus professor and former vice-chancellor of Hull University, argue strongly against the sort of intervention in wage concepts which the setting of a national minimum wage would imply.

"If the law compels employers to offer the same wage rate to teenagers as to adults, teenagers can be expected to lose the competition for jobs," Dr Forrest says.

Not only would the burden of job losses fall most heavily on the least advantaged - the young, the unskilled and racial minorities - but minimum wage laws would also have little impact on helping those caught in the poverty trap, he adds.

Dr Forrest estimates that the enforcement of a national minimum wage for young men in Britain, which was 10 per cent above what they get now, would cut employment among that group by 12.5 per cent.

"Moreover, these income-reducing effects are likely to be concentrated on those groups whose initial wage is the lowest." The workers who gained from a national minimum wage would be the more skilled members of low-wage groups who would retain their jobs but at higher pay at the expense of the losers.

Dr Forrest argues that a legal minimum wage is too blunt an instrument to be useful for reducing poverty. It is not so much low wages that keep some people in poverty as the absence of any income whatsoever from work, he says.

"Retired people and single-parent families are among the group with the highest incidence of poverty. Such groups would derive no benefit from minimum wage increases."

In addition, some low-wage employees such as "secondary earner" apprentices did not necessarily come from poor families so raising wages "would have no effect at all on thousands of poor people."

Low Pay or No Pay? £2.50; Institute of Economic Affairs, 2 Lord North Street, London SW1.

TUC faces split over response to new law

BY OUR INDUSTRIAL STAFF

BRITAIN'S Trades Union Congress faces a split over how to respond to the Government's new Trade Union Act because left-wing unions have submitted a series of motions to the annual Congress in September calling for the new law to be defied.

The motions call for full TUC backing to be given to any union which comes into conflict with the new Act, which became law last Friday. The Act requires unions to hold secret ballots for elections of union executives every five years, ballots before strikes, and ballots every 10 years to decide whether to retain a political fund.

The TUC employment committee is working on proposed advice to unions which falls short of outright defiance, which will form a section of the annual report and take precedence over the motions. Attempts will be made to water down the left-wing motions by amendments.

Most unions are likely to abide by the new law. Union leaders are already planning how to conduct the ballots on political funds, so as to limit the potential losses of contributions to the Labour Party.

The TUC might restate the policy of selective backing for unions which brought it into conflict with the 1980 and 1982 Employment Acts.

Some of the motions on the new Act also seek to condemn the TUC's general council and its general secretary, Mr Len Murray, for not backing the print union, the National Graphical Association, in its fight with Mr Eddie Shah's Stockport Messenger newspaper group.

The miners' dispute will also feature strongly. A motion from the National Union of Mineworkers calls for "the mightiest mobilisation of the power and strength of the

movement" in a struggle for jobs, defence of working conditions and trade union rights.

The NUM calls on the congress to back its campaign to save pits, jobs and mining communities, reaffirming its commitment to an integrated energy policy with an annual coal output target of 200m tonnes, and condemn "the police-state tactics deployed against striking miners and their families."

The National Association of Probation Officers condemns "the imposition, by the courts, of restrictive bail conditions on NUM members charged with minor offences during the miners' strike."

The Amalgamated Union of Engineering Workers (Construction Section) says "the use of police power has now become a real threat to the democracy of this country."

Half a dozen motions condemn

the Government's ban on union membership at its Cheltenham communications centre, but the position to the new Trade Union Act will be the centrepiece of Congress.

The fire Brigades Union calls for "all affiliated trade unions to give full support, including industrial action, to those unions which come to conflict" with the Government union laws.

Similar motions come from the white-collar engineering union AUEW-Tass, the train drivers union Aslef, the Bakers' Union, the National Union of Railworkers, the Furniture, Timber and Allied Trades Union.

Condemnation of the general council's handling of the NGA-Shah dispute comes from a number of unions, including the pit super-savers' union, Nacods.

Table with columns: Announced Bidder, Adviser, Target, Adviser, Terms, Status, Value. Includes entries for BET, Dee, Sun Alliance, Tate & Lyle, and STC.

Sharp rise predicted in City of London property values

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

COMMERCIAL PROPERTY values in the City of London are poised to rise 25 per cent or more in the next two years, according to W. Greenwell, the stockbroker.

A report prepared by the brokers endorses the view that the City office market is experiencing a strong revival after prolonged weakness. It suggests material growth in capital and rental values lies immediately ahead.

Greenwell accepts that "deep structural problems" continue to affect the commercial property sector overall, with tenants becoming increasingly choosy about the quality of accommodation and large space surpluses limiting room for growth in rents and values.

The brokers emphasise, however, that the office market in the City of London has reached a turning point. They say that while previous forecasts of a revival have been premature, recent major transactions prove that confidence has returned.

In recent weeks the entire 245,000 sq ft Billingsgate market redevelopment by London & Edinburgh Trust has been let to Samuel Montagu, the merchant bank, for a rent of more than £8m a year, and Trafalgar House has let its 190,000 sq ft Plumtree Court scheme to Coopers & Lybrand, the accountants.

In the investment market the P & O building has been sold to the Union Bank of Switzerland for £71m at what is regarded as a high price and, most recently, the Moscow Narodny Bank has paid more than £23m for a partly completed office scheme in King William Street.

Greenwell says it expects investment deals like these to "open a window" probably for two years or so, within which City property values can rise again. After that, a new wave of larger-scale developments might halt the advance.

The brokers also expect most, if not all, major office buildings still

available in the City to come under offer in the next few months.

The outlook, they add, augurs well for the massive 2.6m sq ft project being developed by St Martin's Group on the south bank of the Thames opposite the City. 300,000 sq ft of floor space in the scheme is due for completion by mid-1986. Greenwell says it could draw some financial sector tenants across the River Thames.

Returns on property investment showed a significant improvement last year, according to the latest property performance index produced by Michael Laurie & Partners and the Corporate Intelligence Group.

The index is based on an £11bn portfolio representing more than 25 per cent of all UK institutional property holdings. It shows that total returns - income and capital growth - last year rose to 8.7 per cent against 7.7 per cent in the previous year.

Contracts & Tenders

TENDER NOTICE SCOL 01/84

Sugar Corporation of Uganda Limited, a joint venture company in Uganda, invites sealed bids from reputed manufacturers/suppliers for the following groups of items under the rehabilitation programme to be financed under the loan from African Development Bank, Abidjan.

- Group No 1 Chain Type Machinery
Group No 2 Wheel Type Machinery
Group No 3 Implements and attachments
Group No 4 Earth Moving Equipment
Group No 5 Miscellaneous & Special Equipment
Group No 6 Tools and Tackles

The tenderer may quote for any one or more groups but must quote for all the items in the group except groups 3 and 5 where bids for individual items are acceptable.

Interested parties should collect bid documents giving details of instructions and information to bidders, general conditions of contract, items to be supplied with detailed specifications on payment of U.S. Dollars 200 or its equivalent in Uganda Shillings. The mode of payment will be by Bank Draft in favour of Sugar Corporation of Uganda Limited. The bid documents will be available from 10.00 a.m. to 4.00 p.m. from 30th July 1984 to 10th August 1984. The documents will be available at:-

- (1) The Sugar Corporation of Uganda Limited Plot No 4, Jinja Road, Udyam House, P.O. Box 1188, Kampala, Uganda
(2) The Commercial Manager The Mehta Group Limited 7eevan Bharati Building 7th Floor, Harambe Avenue P.O. Box 41175, Nairobi, Kenya

Each bid must be accompanied by bid bond on the form attached with the bid documents in the amount of 2 1/2% (two and one half per cent) on bid amount which shall remain in force for 90 calendar days from the opening date of the bid.

The bids must be received latest by 11.00 hours on 4th October 1984 at the Corporation's Kampala Office, address as at (1) above and marked as follows:- Bid No SCOL01/84

The bids will be opened on 4th October 1984 at 11.30 hours.

Company Notices

NOTICE TO HOLDERS OF BEARER DEPOSITORY RECEIPTS (BDRs) IN HITACHI LTD. Includes details of shareholding and contact information.

TENDERS FOR GREATER LONDON BILLS. Includes details of tendering process and contact information for the Greater London Council.

Public Notices. Includes notices from LEUMI INTERNATIONAL INVESTMENTS N.V., PRUDENTIAL OVERSEAS FUNDING CORPORATION N.V., and THE SCOTTISH AGRICULTURAL SECURITY CORPORATION P.L.C.

UK eye-in-the-sky at Olympics

BY LYNTON McLAIn

A SMALL British company, chaired by Sir Michael Edwards, former chairman of B.L., the state-owned car maker, is overcoming the British disease of failing to exploit high technology in the market place.

Sophisticated camera equipment, developed but not exploited in the U.S., has been picked up by the company, Stabilization, and will dominate the aerial filming of the Los Angeles Olympics.

The company is based in Chelsea, in a converted London Transport bus garage. It is the latest in a line of companies that have tried, with limited success, to market a U.S. camera system for specialised television and film applications where instability a problem.

The equipment was designed, developed and made by the Westinghouse Corporation in the U.S. for steady, eye-in-the-sky post-mounted operation from battle tanks.

The aim was to provide tank crews with a stabilised sight, mounted vertically for vision over obstacles. The U.S. Government declassified the equipment and sold it to a Canadian company in 1967. All current applications involve helicopter-mounted operation.

The novelty of Stabilization's success in winning the American Broadcasting Corporation's contract for the Olympics is that, in place of the more usual story of British companies failing to exploit their high technology in the

market, this company has turned the tables by marketing high technology U.S. equipment in the U.S.

Stabilization has bought the only three systems completed by the original makers.

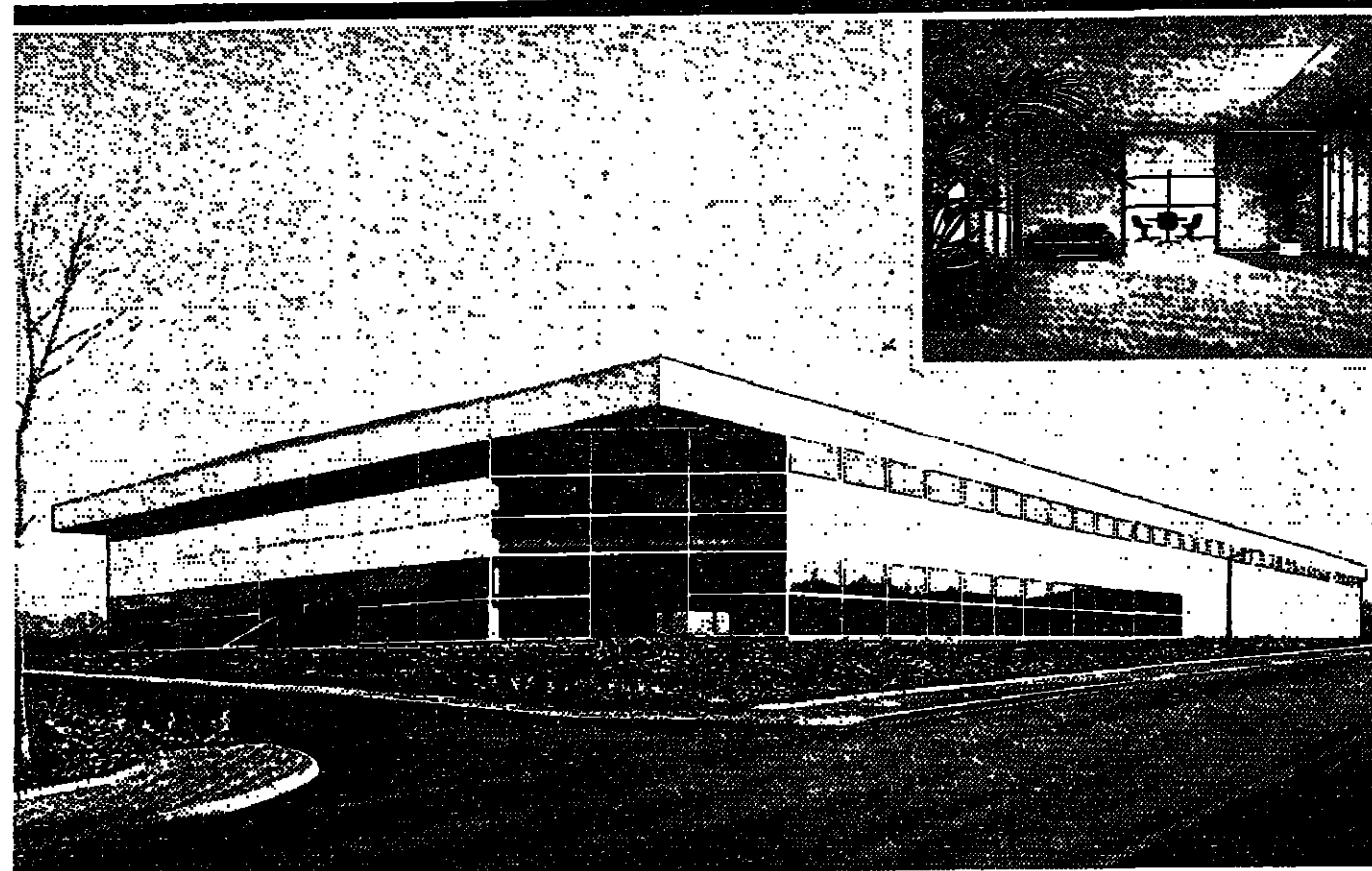
The company is to service the "Cyrospere" equipment in the UK as a first step towards the eventual manufacture of complete systems. It has ambitious plans to develop further the technology and its applications, especially in the military sphere. Stabilization has just bought a small new factory, also near Chelsea, and is in the process of acquiring specialist staff. The Clydesdale Bank has backed the venture by contribut-

ing to the £36,000 purchase price of the factory.

The company, however, does not have the market to itself. Marconi Avionics, part of GEC, has had its "Heli-Tek" helicopter-mounted stabilised television camera system as a "standard product" for over 10 years. Mr Peter Hearne, a director and general manager of the company, said this week.

Marconi Avionics has delivered 50 "Heli-Tek" systems over the past decade, including several for export and to police forces for crowd and ground surveillance.

Stabilization has concentrated so far on applications in the film industry and in television.



Tomorrow's world... today

Swindon's reputation as the expanding centre for knowledge-based business continues to grow... and so too does Kembrey Park.

National Semiconductor Corporation and Thorn-EMI Cable Television are the latest companies to discover Kembrey Park's superb facilities... stunningly practical, yet beautiful buildings, set in attractive landscaping, with ample parking. And, with 25 acres still to be developed, there's scope for future expansion unrivalled by other developments.

Flexibility is the keynote of the scheme and whether your company needs 1,000 or 60,000 sq. ft. for offices, light production or distribution, in any combination, Kembrey Park can provide it. Sun Alliance, as developers, are also happy to discuss construction of buildings to meet your company's needs.

If you're planning for new accommodation in the Thames Valley, find out more about Kembrey Park.

For further details contact: Jim Sheridan or Alan Bate 01-408 1161 or 0793 33155

Kembrey Park, Swindon Centre for business

MANAGEMENT

THE FASHIONABLE argument that management students should get grease underneath their fingernails is not one to which Peter Moore subscribes. He wants managers to be more intellectual.

To him, the argument is not about practice versus theory. It is simply that a manager whose intellect has been developed is more likely to be a better manager than one whose intellect is underdeveloped.

That is one of the reasons why, when he moves into his former boss's office this week, so great winds of change will start rushing through the corridors of the London Business School, whose Nash Terrace classrooms turn out around 12 per cent of Britain's management graduates every year.

As the new principal, he does not intend to initiate any great shift in LBS's educational philosophy, rather only fine tuning to what he regards as a tried and tested formula.

This formula stems from the rather grandly sounding concept of LBS's founding fathers: to create a "centre of excellence" for the development of management education in the UK. In practice this has always meant an institutional bias towards the academic approach to management education (less in line with the Harvard model, and more akin to Stanford's).

More, an intellectual who does not subscribe to any particular management theory, intends to build on this success. "In the UK we have always regarded management as a non-intellectual activity, but most of the problems management is now having to face are extremely complex, and are becoming more so," he says. "This is a drawback and at LBS we intend to continue trying to put more brainpower into the paradigm."

The fact that LBS intends to "tidy up" the status quo comes as no surprise. More than anything, the appointment of the 56-year-old actuary and statistician, whose career has taken him from the world of college lecturing through the National Coal Board and the "Red" Payroll Group, and then on to the classroom, represents continuity.

He joined LBS when it was founded in 1965, at the same time as his predecessor, the recently knighted Sir Jim Ball. It is no secret that this long service and the appointment of the "safe" Sir Jim made in the "safe" choice among the 40 applicants for the job, one of whom—given the opportunity—would have radically altered the school's approach to management education.

As it is, Moore is pledged only to encourage the evolutionary process, which will include some expansion. Currently LBS has 330 equivalent full-time students on its postgraduate degree programmes; this is still short of the 400 target set when the school was started.



Peter Moore: putting more brainpower into the boardroom

Fine-tuning to an established formula

Arnold Kransdorff reports on the plans for the London Business School of Peter Moore, its new principal

only to encourage the evolutionary process, which will include some expansion. Currently LBS has 330 equivalent full-time students on its postgraduate degree programmes; this is still short of the 400 target set when the school was started.

In terms of the number of graduate students, this makes LBS the largest UK business school, followed by Manchester, Bradford and Cranfield; wider comparisons are made difficult by the varying emphasis by different schools on executive education.

One of the key changes that Moore hopes to make involves the much-discussed move by industry into the new technologies, a development with which he believes all management students should be familiar.

Another evolutionary process, he emphasises, is the shift from the manufacturing sector to the service sector. At LBS, this will prompt a continuing change in the course content of most programmes, and in particular the 21-month, full-time and three-year part-time MSc degrees.

In simple terms this will mean more case studies linked to service industry," he says. Equally important is the trend decision concerning LBS's

towards greater internationalism. "At the same time as trying to build up our international reputation we will be trying to turn out people who can operate relatively easily in an international environment.

"To do this we need to expose them to international elements. We intend to do this in a number of ways, firstly to increase the width of our course material.

"Secondly, we intend to maintain a critical mass of overseas students on our courses, even possibly increase the numbers on our MSc courses.

Lastly, we plan to employ more foreign teachers." Moore next wants to link to a greater extent LBS's curriculum with its research institutes. It has seven so-called institutes, doing work into areas ranging from finance and accounting to marketing and communications, including a small design management unit. Together, they are privately funded to the tune of around £1m a year.

While all these can be considered evolutionary changes, Moore does intend to make at least one important policy decision concerning LBS's

tailored programmes for individual companies, which is run through the six-year-old Centre for Management Development.

"This area of management education has shown large growth over the past couple of years. Instead of accepting a wide range of commissions, we are now going to be more selective about the programmes we will accept. We will choose only those which deal with top managers or potential top managers. We will be cutting out the courses for lower and middle managers."

All these changes will, he hopes, go some way to promoting his other main passion—to build stronger links between the university and industry.

"If the bridges were stronger then graduates would be more directly employable and would also not find it so difficult to make the transition.

"To do this, we—as universities—have to encourage more outside project work as well as joint activities with industry and commerce.

'Take a lot of care'

ALTHOUGH Peter Moore says he does not intend to make many changes in his new job as principal of London Business School, his appointment is expected to bring about a change of management style even if his predecessor stays on to research and teach.

For the past 14 years LBS has been run by Jim Ball, an extrovert who combined academia with a highly developed sense of entrepreneurship that launched LBS into the big time as well as giving him a string of successful consulting activities, which he will continue as Professor of Economics.

The top job at LBS has always been considered particularly challenging. As one former student, now a senior executive in a major British multinational, puts it: "The place is so stuffed with prima donnas as to make leadership very difficult. Up to now it has been run by a very visible and strong character. The new leadership will be very low key, so it will be interesting to see how the faculty reacts."

In contrast to Ball, Moore is a quietly-spoken man, more an administrator than a go-getting businessman, who regards caution as a prerequisite to any decision. At 56, he is five years older than his predecessor.

It is Moore's cautious nature that earns him criticism. As one of his faculty colleagues explained: "He's approachable, open-minded and hard-working. He's going to take a lot of care about the job and put a lot into it.

"He's basically a very nice guy but some people regard his caution as excessive, and that irritates them."

Another faculty member said: "Under Peter's leadership, the main faculty group will flourish more than before and be allowed to take its destiny into its own hands more readily."

One of Moore's students was more forthcoming: "Jim was a go-getter while Peter is more the administrator who will consolidate; he will bring in concrete what Jim has achieved."

"There is no argument about the largeness of his intellect. As a pure academic he will probably open up the place to a few more academic jobs."

"He may be somewhat colourless, but he is far more approachable than Jim."

Automated handling

Hyster's flexible approach

HERE'S A CASE for the business schools.

Why have so few of the established fork lift truck makers tried to break into the fast-growing automated materials-handling sector?

There is a classic case of an industry whose main product has matured but whose business continues to grow rapidly. Sales of lift trucks are showing little or no growth but the demand for sophisticated materials handling equipment and systems is growing at about 15 per cent a year and is now probably a \$3bn market worldwide.

But so far only Eaton of West Germany and ET of Sweden among the traditional lift truck makers, have made any impact in this exciting new field.

Part of the answer lies in the financial difficulties of the lift truck makers in the past few years as weak market conditions have forced many into costly rationalisation and closures.

Also, the process of studying a market, deciding on the best course of action and then carrying it out is a long one.

Hyster of the U.S., the world's second largest lift truck maker, started such a process five years ago and is only just beginning to produce a line of automated products at a new factory near Dublin.

The company's initial market research revealed that there were two main approaches to automating materials handling functions. One involved what might be called the totally automated warehouse, in which, on command, machines moved along aisles between shelves and up and down the racks picking up items and delivering them to the shopfloor as needed. This approach is seen increasingly today in high volume factories.

The other approach is a more flexible one, in which conventional machines and systems are made more automatic as the factory's needs develop. For example, a conventional truck for operating in narrow aisles between racks can be programmed to go to a particular bin.

Hyster decided not to enter the automated warehouse business, recognising that it was already a crowded field and that it had no experience in most of the technologies required, such as conveyors, rack systems, and the like. Flexible systems, on the other hand, tend to be based on wheeled vehicles, a technology Hyster knows well.



A HiRacker operating in Hyster's own high-density warehouse

"We concluded that our strength was in our vehicle base. We have experience with mechanical designs, hydraulics, transmissions and engines," says Arlen Cole, managing director of Hyster Automated Handling.

The company is also betting that growth will be best in flexible systems. "Vehicles give you the ability to go into an existing factory and modernise it gradually," Cole says. "Big automated systems are for people who want to hold big stocks, and we think most people do not want to hold big stocks any more."

Also, flexible equipment can be used not only in conventional materials handling applications but also in the rapidly growing area of flexible manufacturing. Many of the new machining cells being designed need automatic vehicles to carry components from one machine to another.

Hyster concluded it could make a start by adding some automation to its existing small hand-held pallet carriers and narrow aisle lift trucks. It claims a 10 per cent market share in these products in the U.S. and believes many of the users are ready for some automation. These products could also provide the basis for developing a line of automated guided vehicles (AGVs).

Most revenue would come from selling machines, but the new business would also need a team of engineers capable of designing more complex systems for customers.

Hyster mapped out a 10-year, \$100m manufacturing and marketing project and then shopped around in its now notorious

manner for the government that would offer the most benefits in return for having the operation on its territory.

Ireland won. Officials of the country's Industrial Development Authority refuse to reveal the extent of their support but the IDA has the power to provide up to 45 per cent of the cost of schemes. And there is no doubt that it considered Hyster a price catch.

The main attraction was that the company decided to put its entire automated handling business—from design through manufacture, marketing and service—in one place and to use local labour throughout.

Today, two years after the agreement was signed, the project is up and running. Hyster Automated Handling has a 105,000 square foot headquarters and factory on the outskirts of Dublin, equipped with the most up-to-date computer-aided design equipment, machine tools and, needless to say, handling equipment. It employs 170 people, of whom a third are graduates of local colleges and universities.

Production of AGVs has begun, and next month the company cuts one of the few remaining direct connections with the old Hyster lift truck business. The U.S. factory that makes the narrow aisle and hand-held machines will close and production will shift to Dublin.

Whether or not Hyster will succeed in the automated materials handling sector remains to be seen, but it seems to have done most of the right things in preparation for its attack of a new business area.

Ian Rodger

TECHNOLOGY

MODERN TECHNIQUES FOR OFFSHORE TRENCHING

Pipelines for an underwater world

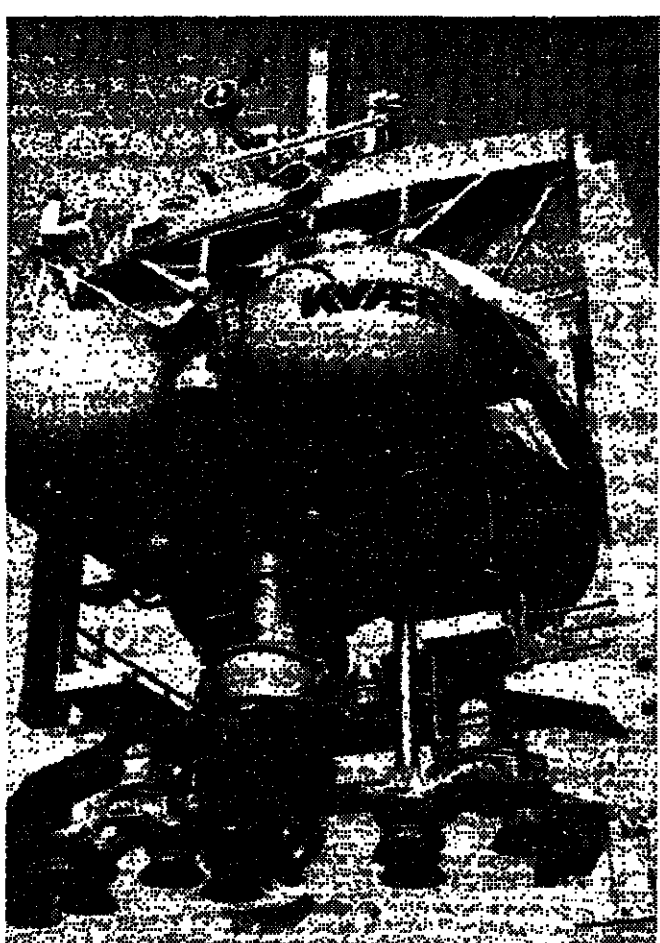
BY NEIL POTTER

WILE A whole Brave New world is being developed up in outer space, so, too, there are strange creations of man at work 300 metres below the waves in places such as the notorious Norwegian Trench, the west coast of Norway.

A recently developed trenching system for remotely controlled burial of sub-sea pipelines in waters up to 500 metres deep without the need for diver sport is an example of such efforts.

Basically, the system comprises a dynamically-positioned mother vessel, a survey and navigation unit and the trenching vehicle.

The system was designed and built by Kvaerner Brug in 1977. It has since been developed



The Kvaerner Brug trenching system for sub-sea pipelines resembles some alien spacecraft.

pipelines can be buried in waters up to 5,000 metres deep

improved jointly by that company and Brown & Root plc. Last year Dutch dredging experts Volker Stevin joined them to develop a dredge pump to dispose of the cut material. Now a new company has been formed, KBV, in which each has a one-third share. Total equipment costs so far have reached £20.25m spent on upgrading the systems after sea trials in 1983 when work was done on the UK Brent Field. A line in the Norway's Ekofisk complex was dug and pipes laid. A series of span restainers tasks on the Statpipe 28-in pipeline from the west coast of Norway to the 16/11S riser were carried out. Span stiffening is needed when it is discovered that the pipe is sinking two ridges on the bed, which, hopefully can be removed.

Prior to last year, the system was lowered into the water and retrieved by using the ship's crane. But now it is underpinned by a frame which enables it to be lowered into the water and retrieved by using the ship's crane. But now it is underpinned by a frame which enables it to be lowered into the water and retrieved by using the ship's crane.

The trenching machine is "blown" from the mother vessel towards the sea bed with the aid of four vertical and four horizontal thrusters. A sensor system helps in locating and docking the trencher on the

mechanical suction cutter with an internal tunnel-connected dredge pump to suck up the cut material and discharge it to the side. This can operate in both sand and clay and no change of cutter is required if soil conditions change frequently along a pipeline route.

The cutting tool is mounted on a hydraulically powered and neutrally buoyant trenching machine, which weighs 90 tonnes but operates with positive buoyancy in water.

Working on the Statpipe project at a rate of 1000 m/hr in 500 metres of water, a cutting trench of 1.5 metres has been achieved.

pipe, which is gripped by the machine's eight motorised wheels. Once attached to the pipe, the trencher uses this as a guide rail for the trenching operation. The trench is cut continuously along one side of the pipe and maximum cutting depth capability of 2.2 metres in a single pass. The pipe slides into the trench by gravity. Working on the Statpipe project at a rate of 1000 m/hr in 500 metres of water, a cutting trench of 1.5 metres has been achieved.

Once on the pipe, the trencher cannot track off, and is able to cross free spans without significantly increasing pipe stress and can tackle slopes of up to plus or minus 20 degrees.

The trencher at present is able to handle pipelines with outside diameters from 16 to 58 inches and the company "waits" the activities of the trencher, forms part of the system. The KBV trenching system is committed to the Statpipe project until September of this year and the company is bidding for other work in the Norwegian sector.

The trencher at present is able to handle pipelines with outside diameters from 16 to 58 inches and the company "waits" the activities of the trencher, forms part of the system. The KBV trenching system is committed to the Statpipe project until September of this year and the company is bidding for other work in the Norwegian sector.

The trencher at present is able to handle pipelines with outside diameters from 16 to 58 inches and the company "waits" the activities of the trencher, forms part of the system. The KBV trenching system is committed to the Statpipe project until September of this year and the company is bidding for other work in the Norwegian sector.

The trencher at present is able to handle pipelines with outside diameters from 16 to 58 inches and the company "waits" the activities of the trencher, forms part of the system. The KBV trenching system is committed to the Statpipe project until September of this year and the company is bidding for other work in the Norwegian sector.

Surveying

Ready reckoning

QUANTITY surveyors and others in the construction industry could benefit from a computer-aided take-off system. A builder who participated in the field trials found he could estimate cost and building needs of a complete house in two and a half days instead of a more normal week. For some jobs up to 90 per cent of the time this process takes, can be saved.

The instrument incorporates a sonic pen, or digitizer. It emits a series of clicks when placed on a plan drawing on the board. These are picked up by a ribbon microphone round the board and relayed to a computer, which then displays the information on a vdu. A print out can provide a more permanent form.

If the pen is used to trace round the perimeter of a house, the instrument calculates how much earth to remove, how much timber for the floor, glass for windows, tiles for the roof and so on. Because the computer contains all the geometry of roof angles it is a comparatively simple matter to find out how many rafters, or tiles are needed for a gable, or hip roof.

The instrument system is one of the first products to emerge from Aston science park and adjoining Aston University in Birmingham. Its advantage becomes apparent in topographical work and in road building, for example, where boundaries are irregular. If the pen is used to trace round two contour lines to determine how much earth requires to be removed for site preparation, the answer can be supplied in half a minute against 15-20 minutes using conventional methods.

The sonic pen, besides being a more familiar shape to those using drawing boards avoids the limitations on space of electromagnetic systems with a matrix of wires beneath the board. When a working total is arrived at it becomes a priceable item, like the quantity of bricks needed.

The system was devised by Rodney Banting, managing director of Technoson, who has had 20 years in the family building business. The pen is linked either to an ACT Apricot or IBM personal microcomputer. It is being marketed at around £9,000 and the builder in question is already inviting selected sub-contractors, like tilers, plasterers and plumbers to accept his bills, with the option of personal checking, for the purposes of quoting.

The system was devised by Rodney Banting, managing director of Technoson, who has had 20 years in the family building business. The pen is linked either to an ACT Apricot or IBM personal microcomputer. It is being marketed at around £9,000 and the builder in question is already inviting selected sub-contractors, like tilers, plasterers and plumbers to accept his bills, with the option of personal checking, for the purposes of quoting.

SOFTWARE ENGINEERING

Putting computer programs in order

ALAN CANE

GO TO architects and contractors to have a building designed and erected and they will follow procedures and work rules which have passed the test of time.

Go to the computer industry to have some software written and the software professionals will follow no such well-established codes of practice. Indeed, it seems that the successful completion of a major software project is a surprisingly hit-or-miss affair.

According to John Elmore, head of systems design and software engineering division at British Telecommunications Research Laboratories, only some 50 per cent of major software projects started ever end up being implemented in the field.

One anecdote, possibly apocryphal, has it that the only element common to successful software projects are that the participants know what they are doing, have a way of knowing when they have done it and also if they have done it correctly.

Which explains the current enthusiasm for "software engineering," a grand title concealing nothing more than assiduous attempts to develop methods of producing software more effectively and sensibly. In a professional manner, in fact.

It was distinguished as one of the key "enabling technologies" by the Alvey Committee which reported some two years ago in the UK's needs in information technology.

Imperial Software Technology (IST) was set up 18 months ago by Imperial College, London, National Westminster Bank, Plessey and Paelet, the computers and telecommunications arm of BA Management Consultants, specifically to work at the leading edge of software engineering techniques.

port a software project through its entire life cycle.

That means from the point at which the requirements of the user are defined as closely as possible, through to operational support and maintenance.

IPSE is different from some other programming environments in that it is tailored to contractual model of development.

Roger Hipperson, IPSE project manager describes it like this: "A given piece of software development may be too big to be carried out in one step. So it is broken down into a series of smaller pieces, which are given out as sub-contracts."

"Eventually the sub-contract becomes small enough so that a programmer can say 'I understand this piece, and I'm capable of doing it'."

"Every project in the world uses this method consciously or not."

The essential logic of IPSE, however, is that there is no massive centralised database with all details of the project's life. Instead, the database is split up between all the subcontractors involved in the project so each subcontractor sees only that view of the world necessary to complete his or her contract.

Complete protection from corrosion and moisture damage. John S. Bass and Co. Ltd. 061-834 3071 Telex 666736

Energy Prototype wind machine. THE WIND Energy Group, WEG, is to build a prototype of a wind turbine generator at Slade Farm Hill, near Hlrafrae. It is intended to be a forerunner of a series of such wind machines which WEG hopes to export.

Automation Robot directory. AN INTERNATIONAL directory of industrial robots is now available in the UK from Edson Evors Communications at a cost of £35.50. It was compiled in Japan and contains details of 250 robot systems from leading makers around the world. More details on 0745 49237.

THE ARTS

Corpse!/Apollo

Michael Coveney

Corpse! at the Apollo, like Marilyn! and Young! is further evidence of the decline of our culture as we know it in the impertinent debasing by the theatre world of the exclamation mark. Apollo shows always feel the need for a comforting exclamation mark on the title, and Corpse! is no exception. I read somewhere that it was written before Sleuth (not a bad play, and no exclamation mark you notice) and that for upward of 15 years manuscripts all over London, if not the entire nation, have been returning the script to Mr Moon. Now this is the most cheerful news I have gleaned all week. Some of those theatre fellows knew, for once, what they were doing. For this is the most malformed, most painfully jejune piece of writing to hit the West End stage since the ghastly Concorde. Readers determined to see it will be hoping that I give nothing of the plot away. But a critic also has an obligation to be at least marginally informative. As in Sleuth there are blanks fired. As in Sleuth there is a private revenge motive. Keith Baxter is trapping an Irish war veteran in his London basement. The veteran is played by that delightful actor Milo O'Shea, to whom I extend respectful condolences for his authenticity reverberates across the evening. You would have to be either a hardened thriller buff or more curious than a very nosy cat to want to stay after the interval.

London Symphony/Albert Hall

David Murray

Much the best thing indeed, the only really good thing about Friday's Prom was Ida Haendel's performance of the Brahms Violin Concerto. The LSO should have been conducted by Yuri Simonov, but his place had to be taken by Jukka-Pekka Saraste, a 29-year-old Finn, who already has many Scandinavian performances to his credit. Perhaps he was over-awed by Miss Haendel, or unconfident about Brahms (he inherited Simonov's programme intact); in any case, he provided only neutral orchestral backing, neither a helpful complement to his soloist nor with any vital character of its own. Miss Haendel, who made her first Prom appearance in 1957, was born, played magnificently, as she generally does. Her deep understanding of the work illuminated every phrase; one would call it a personal meditation on the Concerto. I was born, played magnificently, as she generally does. Her deep understanding of the work illuminated every phrase; one would call it a personal meditation on the Concerto. I was born, played magnificently, as she generally does. Her deep understanding of the work illuminated every phrase; one would call it a personal meditation on the Concerto.

Six young artists for Concert Trust

Six young artists have been selected for management by the Young Concert Artists Trust. They are Caroline Dale and Jane Salmon (both cello), Jose Feghali and William Stephenson (piano), Jonathan Rees (violin) and Timothy Wilson (counter tenor). They range in age from 19 to 25. Under the scheme the Trust will provide a free management service for the artists and help to develop their careers until they are taken up by commercial agencies. Over 150 young artists applied to audition for the Trust.

Reprieve for Midlands orchestra

The Midlands-based English Sinfonia Orchestra has been saved by its own players. It was feared the loss of arts council cash could force the orchestra to stop playing, but the musicians have formed a new company to manage its affairs. Now the orchestra is back on its feet, with the Midlands, with Stuart Bedford as principal conductor and Sir Charles Groves as president and artistic adviser.

Médée/Buxton Festival

Max Loppert

Buxton, continuing its scheme of composing each successive festival programme around a single theme, is this year devoted to The Greek Revival. It is one eminently well suited to the town itself, and it has apparently been an inspiration to the festival directors themselves. For three marvellous stage works, each currently (and unduly) something so rarely, have been matched to give the plan theatrical flesh (while Buxton's usual attractive medley of concerts, lectures and ancillary events can be relied upon to develop its small offshoots). Next weeks sees the British premiere of Cavalli's Giasone, and thereafter a Cheek By Jowl Theatre Company production of Racine's Andromaque. But the opening, on Saturday, can probably be counted the single most important and valuable event in the entire history of this short but already illustrious festival — Cherubini's Médée (1797), in the original language, and, more significantly, exactly as the composer wrote it, with song and spoken dialogue in careful and dramatically heightened balance. This was not quite the British premiere of an authentic Médée. During a preceding Buxton in 1982, using Arthur Jacobs' English translation. But for the needed demonstration to the larger operatic world that—in this case as in so many others—the composer knew best, it must surely be the impact of this production that will clinch the argument. Since Franz Lachner composed, a half-century or so after the Paris premiere, recitatives to remove the dialogue and make up a sung-through opera, his version (in various subsequent Italian adaptations) has been the basis for the relatively rare revivals of the opera—it was in a "modified Lachner" Médée that Maria Callas achieved one of her greatest triumphs. So much of an imposture, despite Callas, the later score has been on the original, only score-readers could estimate. Now, at last, Buxton has taken up the case, and won it more convincingly than one could expect. The main point about the authentic Médée is that its music is all Cherubini, and therefore all of a piece. Lachner was a talented, devoted missionary for the work, but his contributions in Romanticising the rare, horrible, and Cherubini's Revolutionary classicism, end up by robbing the original of a large measure of its special power. Spoken dialogue moves faster, conveys more in a shorter space, than recitative; it excuses a longer required for the truncating of extent numbers to fit the performance into acceptable time limits — it was literally a revelation to hear such pieces as Médée's entrances aria allowed their unfamiliar full, necessary length. And when the dramatic contrasts of singing and speaking voices are made plain, Cherubini's brilliant and highly subtle use of them becomes no less so. The librettist, Hoffmann, was no great master, yet his service serves the purpose admirably: it is only because in later years he himself was never put to the proper theatrical test that so a libretto should have been able to flourish unchallenged. By the Lachner version, an interpretative genius of Callas order was ever required to keep her from tedium. Even without Callas, the original soon develops and sustains what Basil Deane has called "its Racinian intensity, unprecedented and almost unparalleled in later operatic history". In Médée, scorching fires burn beneath the cool facade, melody flows there in other Cherubini operas it sometimes feels to be the single important shortage. The very structural mastery seems to tighten the screw; with its little semiquaver figures obsessively jabbing at the ear, its emphatically striking combinations of timbre for dramatic ends, this is a work that stands at a crucial place in operatic history. Even if the Buxton performance were less accomplished than it is, its illumination of the place would still merit boundless gratitude. So far there are dominating uncertainties of style—easy to understand but necessary to overcome. Much of the dialogue is cut by Miss Plowright has still important passages to speak and she does so in an urgent but continuously undidomatic way. There is far too much of a "sing-through" (generalised ancient Greek ethnic, with lots of gawgaws for the ladies to wear), is not very distinguished. Bringing dogs and then a live sheep onto the stage during the second-act finale—a guaranteed audience distraction in this animals-worshipping country—seems to be its most notable innovation; it is not clear why. He made the Marble Hall (which was also once known as the Long Bar) the rich centre of a series of grand public rooms. It is not just a rich room; it is Byzantine in its extravagance. The walls are marble in tones of pink and grey, frieze and capitals are inlaid with mosaic and medallions of rare stones. Bright malachite, glimmering mother-of-pearl, dense blue lapis lazuli are only some of the materials that surround the richest element of all—the gold mosaic ceiling. The ceiling is one of those confident gestures that Imperial Victorian London made with such style. Today it still looks magnificent with the original tulip-shaped lights arranged in bunches around the cornice. All these splendours have been revealed by the designer Richard Daniels of the Bell Daniels Slater Partnership, working with the Trust House Forte Design Office. It is a brilliant rescue operation and the new restaurant which occupies the space, the Criterion Brasserie, deserves to be a great success. Gradually the rest of the Criterion building will be restored, I hope in as faithful and careful a way as this. It has been a chequer and history, surviving the various attempts of architects and planners to redesign the Circus. Trusthouse Forte must be congratulated on the first moves towards the upgrading of the area. It would have been easy to succumb to the slum like fruit-machine ethos of nearby Leicester Square, but the fact they can make the food and the service live up to the remark-

A Little Like Drowning/Hampstead Theatre

Michael Coveney

In its quietly undemonstrative, occasionally precious but generally touching manner, Anthony Minghella's Little Like Drowning at the Hampstead Theatre is the sort of play ideally suited for Hampstead and the sort of play Hampstead does well. It is a family snapshot play, no doubt much of its autobiographical, contained within the reminiscent conversation of old Anglo-Italian Leonora (Constance Chapman) and her little grand-daughter (Ella Callow) on a grey English beach. The fact that Mr Minghella gets away with this dramatic device is a tribute to both his skill and the actors' tact. Mia Farrow, although guilty of the least embarrassing child actor I have seen for ages, and Constance Chapman feels her bath chair memories with the long-haired, resentful, and abandoned wife. For Alfredo left her for that "putana" Julia, left her with two daughters and a café to run under the old bridge. The first flashback is to the wedding night, with Alfredo bedding his new bride, the young Leonora (Jane Gurnett). On the brass bed head, there are candles and a crucifix. From the off, Alfredo Molina as Alfredo suggests he is making a great error. He has returned to his Italian roots to marry a girl who does not love. The wedding night is a disaster, but the suffocating pretence is embarked upon when, to placate the villagers below, Alfredo cuts himself to provide a spot of blood for the display sheet. Alfredo is happier with his Caruso recordings of Italian and French opera—the evening is flecked with gorgeous music of Verdi, Puccini and Gounod. It is through music that he falls in love with Julia (Morag Hood); in a lovely little scene they sit at the opera and on a wave of passion, stumble out of the stalls and into the adulterous darkness. Staged with telling economy by director John Dove, the play is full of such rich moments, none richer than the wedding of one of Alfredo's daughters. The photographer joins in the reunited family's impromptu Puccini frolic within a family life across three generations.



New glory for old—the restored Criterion at the hub of Piccadilly Circus

Architecture

Colin Amery

A week to restore the spirits

The best thing to happen last week was a chance visit to the Criterion in Piccadilly Circus. It is hard to imagine that at the very centre of this circus of trendy tourism and shiny seediness there is a great and glorious room. We all know that somewhere under the Formica lurked the brilliant marbles and precious stones of Thomas Verity's Marble Hall but nothing could quite prepare you for the newly revealed splendours. It was in 1874 that the Criterion opened with its theatre in the basement, restaurants on the ground floor and banqueting rooms on the first and second floors. The entrepreneurs Spiers and Pond had organised an architectural competition for their place of pleasure at Piccadilly and Thomas Verity was the clear winner. He made the Marble Hall (which was also once known as the Long Bar) the rich centre of a series of grand public rooms. It is not just a rich room; it is Byzantine in its extravagance. The walls are marble in tones of pink and grey, frieze and capitals are inlaid with mosaic and medallions of rare stones. Bright malachite, glimmering mother-of-pearl, dense blue lapis lazuli are only some of the materials that surround the richest element of all—the gold mosaic ceiling. The ceiling is one of those confident gestures that Imperial Victorian London made with such style. Today it still looks magnificent with the original tulip-shaped lights arranged in bunches around the cornice. All these splendours have been revealed by the designer Richard Daniels of the Bell Daniels Slater Partnership, working with the Trust House Forte Design Office. It is a brilliant rescue operation and the new restaurant which occupies the space, the Criterion Brasserie, deserves to be a great success. Gradually the rest of the Criterion building will be restored, I hope in as faithful and careful a way as this. It has been a chequer and history, surviving the various attempts of architects and planners to redesign the Circus. Trusthouse Forte must be congratulated on the first moves towards the upgrading of the area. It would have been easy to succumb to the slum like fruit-machine ethos of nearby Leicester Square, but the fact they can make the food and the service live up to the remark-

able quality of the reborn surroundings. It could be the elegant meeting place that the West End has lacked for so long. Another good news story was celebrated in the capital last week. A party was held to show the world the restored No 22 Arlington Street. This grand town house of the 1740s was designed by William Kent for Henry Pelham and it has been completely restored by its owners Eagle Star Holdings plc. A first class book, edited by Peter Campbell, was also published last week to celebrate and document the story of this remarkable house. (A House in Town—22 Arlington Street, its Owners and Builders, published by Batsford, £15). There had to be a deal with the planners before it was possible to restore the house which occupies a long site running from Arlington Street to Green Park immediately behind the Ritz. It was agreed that Eagle Star could build themselves a new office block on Arlington Street at the cost of the demolition of the original entrance block. The new offices are inevitably not very distinguished but they were the price for a restoration of William Kent's house. Back in the 1960s there was a alarming proposal to demolish everything on the site and build tall blocks. There was an event at an earlier proposal to clear the whole site, including the Ritz. Times must have improved when such a painstaking and successful restoration as this is undertaken by a commercial company. The Great Room has one of Kent's most beautiful ceilings, offered gilded and painted with panels of grisaille. It is as good as the more familiar saloon ceiling at 44, Berkeley Square. Using all the best advice you could Eagle Star has reinstated the house as accurately as possible. There are some who will question whether Kent would really have used quite so much chocolate brown paint. I suspect that the ceiling of the Great Room was almost certainly a heavy stone colour like a Roman or Mantuan palace, but we will never be certain. It is an important gain for London, especially as the rooms can be used for functions and are in use for concerts and the celebratory book is one of the most thorough records of the history and conservation of one building that I have seen in England.

Big response to novel competition

There were 406 novels submitted for the new novel competition sponsored by Costables and organised with Northern Arts and other regional arts associations in the north of England. There is cash prize of £2,000 with further £1,000 advance as well as publication of the novel. The winner will be announced November.

Beckford archive for the Bodleian

Blackwells, the Oxford book selling firm, has presented the Bodleian Library the archive of William Beckford's literary manuscripts which it bought from Sotheby's in 1977. The archive of Beckford, a great collector and patron of the arts, has been in memory of Sir Basil Blackwell who died in April.

Arts Guide

Music

VIENNA: Katsowitz Philharmonic Orchestra, conducted by Karol Stryja with Konstanty Kulka, violin. Ravel, Szymanowski and Brahms (Tue). Katsowitz Philharmonic conducted by Tomas Kocak. Brahms and Musorgsky (Thu). Both at the City Hall Arcade Court (42/800/2085). Ludwig Dorr, organ; Bach, Reubke, improvisation, Augustinerkirche (Mon). SALZBURG FESTIVAL: Vienna Philharmonic conducted by Claudio Abbado with Zoltan Kocsis, piano, Mozart and Bruckner. Large Festival Hall (Wed). Alfred Brendel: Schubert piano sonatas. Large Festival Hall (Thu). Josef Suk, violin. Soloist and conductor of the Suk Chamber Orchestra. Vivaldi, Mozart, Vivaldi and Suk. Mozarteum (Thu). Information: 06 82/42541. LONDON: Academy of St. Martin-in-the-Fields, directed by Iona Brown. Handel, Bach and Vivaldi. Royal Albert Hall (Mon). (589/485). English Chamber Orchestra, conducted by Sir Alexander Gibson. Stravinsky, Mozart, Hans Werner Henze, with Yuzuko Horigome, violin and Nobuko Imai, viola. (Royal Albert Hall (Tue)). BBC Symphony Orchestra, conducted by Elgar Howarth. Harrison Birtwistle, Bartok and Berio. Royal Albert Hall (Wed). Bournemouth Symphony Orchestra, conducted by Rudolf Barshai, with Michael Roll, piano. Mozart, Britten and Shostakovich. Royal Albert Hall (Thu). PARIS: Orchestre Symphonique Franco-Allemand conducted by Jean Thorel, Caroline Lupovici, piano, Thomas Thylbeck, cello. G. Piere, Saint-Saens (Mon 8.30pm), Asses Law Faculty, 32 Rue d'Assas, Metro Van. Jean-François Zygel, piano: One hour with Claude Rollo (Tue 8.30pm) Townhall of the 5th Arrondissement, 21 Place du Pantheon, Metro Luxembourg. Italian Chamber Music by Antiqua Nova Ensemble: Rossi, Granata, Kapberger, Vivaldi (Wed 8.30pm). Misses Carnavalet, 33 Rue Sevigne, Metro Saint-Paul. Kronos Quartet: Riley, Schultorpe, Baliff, Boulez, Shostakovich (Thu 8.30pm). St. Severin-Church, Metro Saint-Michel. All the above concerts are part of the Paris Festival Estival (Call 549 1483 Tue to Sat 10am till 7pm, or 225 2255 Mon to Sat 11am till 7pm for information and bookings).

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 27-Aug 2

NEW YORK: New York Philharmonic: Free open-air concerts in various New York City parks continues its 20th season with James DePreter conducting. Barber, Haydn, Tchaikovsky, Copland, The Bronx (Mon) and Marine Park, Brooklyn (Tue), (877/2011). New York Choral Society (Cami Hall): The last month in the 24th summer of sings starts with Frank Nenniger conducting the Mannes College of Music in a programme of Bernstein, Stravinsky and Haydn (Tue). James Kurtz conducts an all-Berlioz programme sung by the Fordham University Chorus and Habes Chorus (Thu), 57th & 7th Av (873/0086). WASHINGTON: National Symphony (Wolf Trap): Celebrating the re-opening of the Wolf Trap concert hall after its disastrous fire, the National Symphony teams with Placido Domingo for the beginning of this year's truncated season (Mon). CHICAGO: Ravinia Festival: Misha Dichter piano recital, Schubert, Liszt (Mon). Ching Lin violin, Frederick Zlotkin, cello. Misha Dichter, piano. Greg Rachmaninov, Dvorak (Wed); Chicago Symphony. Edo de Waart conducting, Stephen Hough piano. Dvorak Brahms (Thu), Highland Park (728/4642).

The Dancing Years/Norwich

Antony Thornecroft

A tangled web of intrigue involving an abandoned plot up out of the clear blue of a Tirolean morning. So while at first glance the tale of broken hearts in Old Vienna, with a change of scene at the end, reads like a soldier when not sporting lederhosen, looks like a candidate for the ham factory graduate of the dramatic skills, backed up by melodies which can be as often plaintive as they are insubstantial, draws you into the awful misfortunes of Rudi, the aspiring composer of operettas, and Maria, the established soprano who discovers him. For Novello knew that you can't beat an unhappy ending and it is the threat of real tragedy in the plot overrides the occasional fan of the wretched scenery; a quite dreadful second act finale from the chorus; and some of the noisiest scene shifting in the modern theatre during the emotional "Can it be you? After all these years" scene. The production is also blessed with fine principals. Robert Swann, although weighed down with a depressing wig and lines like "yesterday was important because it was yesterday; today is today," is a noble Rudi, who comes into his own when he shakes out a cocky youth (and the wig) for unhappy success. Gillian Humphries manages to seem a human being through all the bric a brac and fussy others. What with living in sin; illegitimacy; cries of despair and stifled tears this is a much more dramatic work than Novello's reputation promises. He wrote The Dancing Years in

dark tones for the world; a sombre note adds dignity to the darkness. If I want to you can laugh at it like "quite, quite, perfectly delivered in stilled staccato at a chorus that rocks singing "Let's be gay"; but the end the eyes prickle. It is a serious stab at important British music which has given audience much pleasure. Gerry Tebbutt directs near Eileen Bell and Tracy Col are worth mentioning, and chorus and the band grow confidence.

Sotheby's sponsorship plans

Antony Thornecroft

Arts sponsorship has ridden out the recession in better shape than might have been anticipated, with companies encouraged by the Government, increasingly interested in this comparatively inexpensive way of both gaining prestige and goodwill and exploiting a marketing and PR opportunity. Sotheby's, which makes its profits from dealing in works of art, has always done its duty with some modest sponsorship. Its budget is around £50,000 a year and its activities have recently taken a new direction. In short it is giving of its time and expertise as much as cash—and also getting involved in areas where there could be a commercial gain for the company. Its touring project, currently touring the country, is Artist Potters Now, in which 20 leading potters have the chance to sell their wares in art galleries and museums throughout the UK. Sotheby's has paid for the catalogue and the poster and when the tour ends, at its own salerooms next summer, it will organise an auction of works by the artists involved. This should create a new market and bring business to Sotheby's in the future. Currently the show is at the Museum of Oxford. In a similar vein Sotheby's sponsored an exhibition of prints by Howard Hodgkin at the Bath Festival. Here again there is the chance that the artist's work will be more actively traded at Sotheby's sales of modern art. A future project is to prepare a catalogue of the fine ceramics collection at Carlisle Museum. A catalogue is an expensive venture, so to finance it Sotheby's is organising an evening in the City at which its experts dispense advice to paying visitors. The cash raised goes towards the catalogue, along with the knowledge of Sotheby's ceramics staff. Stimulating new collecting areas is one obvious reason for

sponsorship: maintaining good relations with owners of important works is another. Sotheby's is sponsoring an exhibition of Grosvenor family treasures at the Eaton Estate, near Chester, from August 4-19. The collection of the Duke of Westminster is rarely seen by the public but in order to raise money for the NSPCC Centenary Appeal, in which he is much involved, the Duke is putting on a chorus that rocks Velasquez, Gainsborough, Stubbs and more, plus furniture, clocks, and marbles. Here again developing good relations with an important col-

Extended run for Lucie's satire

Progress, Doug Lucie's satirical comedy about trendy snobes has sold out for its at the Bush Theatre and been extended for three weeks. It will now finish on August

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday July 30 1984

Tedious hiccup in Strasbourg

THE European parliament's decision to let the payment of Britain's 1983 budget rebate...

Community really will mend its ways, and if so, to what extent. Under the Fontainebleau agreement...

Flexibility In other words, the latest hiccup in a long-running saga is not really about the British rebate...

contributions On the other hand, it is clear that the legal arguments...

Value for money in Whitehall THE GOVERNMENT'S progress report on its Financial Management Initiative (FMI)...

While stocks last... FOR \$20,000 it is still possible to buy a new De Lorean car in the U.S.

Men and Matters nostalgic for the good old days—like August 25, 1939 when the Financial News headline ran: Crisis Measures in the City—Bank Rate raised to 4 per cent.

Snakes alive It is still all right to wear a live cat instead of a dead mink around the neck...

Please, teacher ABC, the U.S. television channel, took the opportunity of the lengthy and repetitive introductory ceremonies...

Kiss and tell There were hugs and kisses in the Commons as Tory and Labour MPs recently suspended hostilities to beat off a rebellion on the Trade Union Bill...

Nessy's back And just to prove that the Sully Season is upon us again, there is news of the Loch Ness Monster. Seeing that a new search is to be made...

Back page Who says yesterday's newspapers are only good for wrapping fish and chips? Richard Heron has built a thriving business out of them.

regret strides line managers in departments Health and Social Security being given much greater responsibility for their own budgets...

Health and Social Security being given much greater responsibility for their own budgets...

regret strides line managers in departments Health and Social Security being given much greater responsibility for their own budgets...

ANY HOPES which U.S. bank regulators harboured that last Thursday's \$4.5bn rescue package for Continental Illinois...

Within hours of the announcement of the "permanent assistance programme" for Continental Illinois National Bank and Trust Company...

The massive rescue, mounted to protect the safety and soundness of the banking system...

"The rescue dwarfs the combined guarantees and outlays of the Federal Government in the Lockheed, Chrysler and New York City bail-outs..."

Mr St Germain and his colleagues are planning to hold public hearings in early September...

The first, and most obvious, is whether the rescue package will work. Mr William Isaac, chairman of the Federal Deposit Insurance Corporation (FDIC)...

Second, the rescue has raised questions about the regulators' efforts to introduce more market discipline into the financial system.

holders and management are paying a high price for the rescue but the bank's depositors...

Finally, the regulators' handling of Continental's problems seems bound to come under tough scrutiny.

He has promised the regulators that he will stay for three years and stressed to them that he has no interest in taking on the role of under-taker.

Finally, uncertainty over the FDIC's long-term stake in Continental is likely to prey on staff morale.

After that, Trippier found himself on the receiving end of another kiss, from Dr Conally, the Minister, Labour MP for Thurrock.

Everything soon became clear. Ms Short was expressing her gratitude for Trippier's decision to offer special help to a small company in her constituency.

Nothing daunted, the ABC researchers simply described Andorra as "half the size of New York City."

And Monaco was presented as "half the size of Central Park"—the New York joggers' paradise.

His company, The Anniversary Press, is now also handling an increasing number of requests from companies for newspapers recording significant moments in their history...

And his gallery in London's Covent Garden is also lined with much rarer editions of 18th century newspapers, and 16th and 17th century news books.

There are Dutch and German reports of the destruction of the Spanish Armada; a full contemporary account of the execution of Charles I; The London Gazette's report on the Great Fire of London—framed photographs of which now adorn Fuller Smith and Turner's new pub at the Monument.

Heron has been fascinated by newspapers since he was a boy—after a spell in the City, he ran a chain of newsagents—and has been collecting for years.

Glasgow-born Heron claims to have the largest private collection of original newspapers in the UK—some 400,000 issues, many of them in several editions, for every day between 1870 and 1880.

Continental Illinois rescue

Questions that are only just beginning

Stewart Fleming in Washington and William Hall in New York on the biggest bail-out in U.S. banking history



MR WILLIAM ISAAC FDIC chairman



MR JOHN SWEARINGEN Continental's new chairman

The initial reaction of the banking community to the rescue package is that if this does not do the trick, then Continental Illinois might as well be liquidated.

The appointments of the 65-year-old John Swearingen as chairman of Continental Illinois Corporation...

ing the size of bank which they believe can be viable over the long term. Many analysts believe that Continental may have to shrink its balance sheet...

White House has been at pains to put as much distance between itself and Continental as possible.

In addition to questioning whether the FDIC had the legal power to undertake the Continental rescue, Mr Regan was particularly critical that the rescue was structured so as to funnel assistance through the bank holding company...

The bank regulators have gone to great pains to prove that they are not "nationalising" Continental Illinois. The terms of the deal give the Government,

which will have through the FDIC an option on 80 per cent of the equity, no votes and no board representation. It is the FDIC's own money, raised through its insurance premiums...

Mr Isaac says he shares Donald Regan's concern about the treatment of the holders of Continental's paper, but there was no real alternative.

Nevertheless, Mr Isaac argues that U.S. bank regulators need to consider how such bond holders should be treated in future crises...

An equally important issue raised by the Continental rescue is the FDIC's unprecedented action of guaranteeing all of Continental's debts and deposits.

Mr Isaac says that some 2,100 small banks had over \$60m in deposit with Continental Illinois and the regulators would have faced scores of bank failures if

America's senior bank executives that heads will roll, however unfairly, when a big bank gets into trouble.

Finally, U.S. bank regulators are re-examining their own role in the Continental affair. Should they have acted more quickly to force Continental to put its house in order before events got out of control?

The questions raised by the rescue of the Continental Bank will not disappear and the regulators' response will have serious implications for the health and resilience of the U.S. banking system.

Men and Matters

nostalgic for the good old days—like August 25, 1939 when the Financial News headline ran: Crisis Measures in the City—Bank Rate raised to 4 per cent.

Snakes alive It is still all right to wear a live cat instead of a dead mink around the neck, use live goldfish as earrings or take a rat for a walk on a chain...

Please, teacher ABC, the U.S. television channel, took the opportunity of the lengthy and repetitive introductory ceremonies...

Kiss and tell There were hugs and kisses in the Commons as Tory and Labour MPs recently suspended hostilities to beat off a rebellion on the Trade Union Bill...

Nessy's back And just to prove that the Sully Season is upon us again, there is news of the Loch Ness Monster. Seeing that a new search is to be made...

Back page Who says yesterday's newspapers are only good for wrapping fish and chips? Richard Heron has built a thriving business out of them.

regret strides line managers in departments Health and Social Security being given much greater responsibility for their own budgets...

At this price a modern factory or warehouse is a pleasant surprise. Ready to move in to, down to the last coat hook—that's exceptional value. As are prestige offices from £7.00 a sq. ft. all up.

A thriving business centre only 50 minutes from Kings Cross. A city that's improved the productivity, output and profits for hundreds of companies that have moved here.

What can you expect for £2 a sq. ft?

But you would expect all this in Peterborough. What may come as more of a surprise than the business environment, is the quality of life.

Perhaps this is why businesses thrive in Peterborough. Because people do. Send for our information pack. You'll see that you can expect a great deal for £2 a sq. ft.

For your copy, send the coupon or telephone John Bouldin on Peterborough (0733) 68931.

To: John Bouldin, The Peterborough Development Corporation, Touthill Close, Peterborough, PE1 1UJ, (Telex 42325).

the Peterborough Effect It works for people. As well as business.

SELLAFIELD NUCLEAR PLANT

The high cost of storing waste

By David Fishlock, Science Editor

CAN SELLAFIELD be forced to eat all its own radio-active wastes? The Government is currently considering this question in light of last week's report by Sir Douglas Black on leukaemia in children living close to the Cumbrian nuclear power station.

Sellafield, to quote the Black report, "contains nuclear operation which is unique in the United Kingdom in terms of scale and complexity." Far from abandoning its activities—the Black report gives little comfort to those who want it to do so—the Government is aware that its dominant activity will continue for longer than was previously expected.

This is the reprocessing of nuclear fuel from the Magnox nuclear stations. The average book life of these first-generation reactors has just been formally extended from 20 to 30 years. That means fuel reprocessing, at a rate of 1,000-1,500 tonnes a year, will continue in the next century.

In addition, the factory stores the used fuel from second-generation reactors in Britain and abroad to await completion of a new reprocessing plant for this fuel. It stores used fuel from the Navy's nuclear submarines, its capital ships of the 1980s, which some day will need a reprocessing plant of its own.

biggest source of revenue, earning about £350m last year.

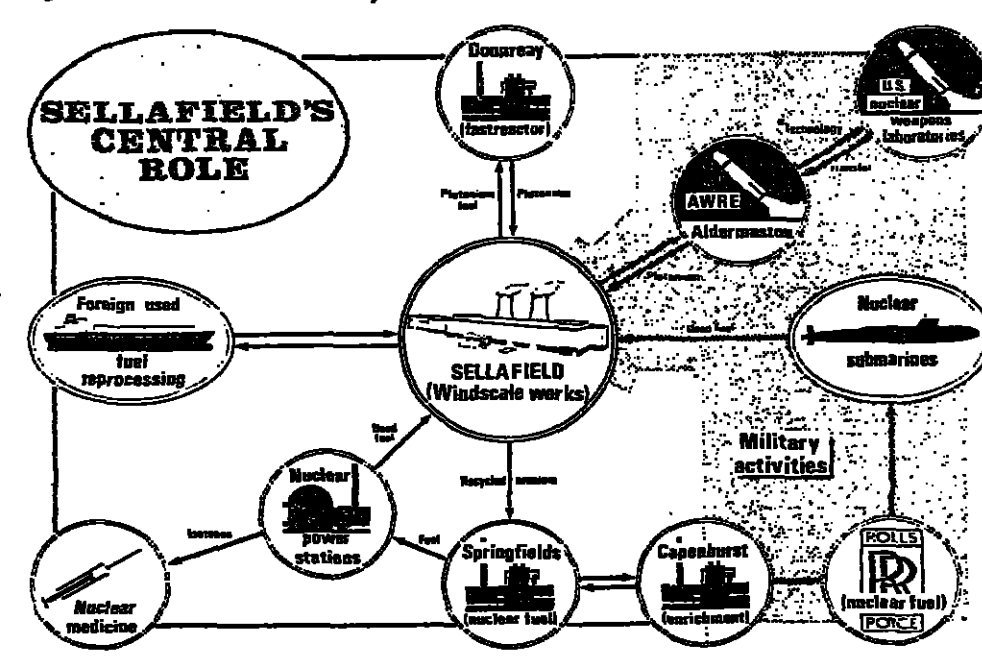
What drove Mr Allday's engineers to sharpen their pencils was the incident last November when a discharge of radioactive effluent to sea washed back to contaminate Cumbria's beaches. As a result, they have offered the Government a number of options for further investment in radio-active effluent treatment at Sellafield.

The options range from an expenditure of around £100m to about £1.5bn at current prices. They are not designed to save lives—the Black report confirms the company's unwavering claim that it operates well within internationally accepted limits on discharges.

The extra investment would be spent on making Sellafield "socially acceptable." In Mr Allday's phrase, "The target in terms of future levels of radio-active discharges to sea and air, will be set by the Government. The cost will fall mainly on the electricity industries at home and abroad."

But the options are not simply a matter of the more money spent, the less radioactivity discharged. If it is not discharged it must be concentrated and stored somewhere, either at Sellafield or in a new "nuclear dustbin" in Britain.

As Mr Trevor Moulding, head of chemical plants at Sellafield, sees the challenge, "zero discharge" is an unrealistic goal. "But we don't want to be worse than any other plant."



fuel, before it is discharged to sea.

By any standards, Sixep is "a pretty complex piece of chemical engineering," Mr Moulding admits. Designed for remote operation, the £110m plant contains 40 kilometres of stainless steel pipework and 1,600 instrument loops. It has been under construction for over four years.

Sixep will treat its first effluent later this year. Its complexity and novel technology leads Sellafield to expect a long learning curve. High availability is not forecast before 1986, when it will be cleaning up to 4,000 tonnes of water a day.

Also nearing completion is a major investment in a technology more familiar to the factory. Like Sixep, the new £15m evaporator was begun in the late 1970s as a means for concentrating fairly radio-active effluents from the Magnox reprocessing operations.

These commitments to a cleaner factory, costing about £900m, were all made before the discharge which contaminated Cumbria's beaches last November. According to Trevor Moulding, the 1983 figures for Sellafield discharges to sea are about 400 curies of alpha radiation and 70,000 curies of beta-gamma radiation. Currently, the Department of the Environment permits the factory to discharge up to 6,000 curies of alpha and up to 300,000 curies of beta-gamma. "We are operating well within the current authorisations," he says.

The new effluent technology is expected to get the discharges much lower, down to about 200 alpha and 25,000 beta-gamma. With Sixep at peak performance and other planned changes, the target for the late 1980s is 150 alpha and 15,000 beta-gamma.

Sellafield's authorised discharges have always been tailored to what BNFL could reasonably be expected to achieve within the internationally-permitted levels. BNFL now confidently expects the Government to lower its limits in response to public pressure.

How much and how soon are the crucial questions. But the Black report forewarns in concrete. Recommendation 9 reads: "There should be a critical review of the necessity for discharges of alpha as well as

beta-gamma emitters in discharges from BNFL Sellafield site to be significantly in excess of those from similar plants in other countries."

Cogema's reprocessing factory at Cap la Hague last year reported discharges of 14 curies of alpha and 32,000 curies of beta-gamma. The company has undertaken to keep discharges down to these levels as its reprocessing activities continue to expand.

Once Magnox reprocessing ends at Sellafield, and BNFL is using only its £1.5bn thermal oxide reprocessing plant (Thorp), construction of which has just started, discharges should fall dramatically, says Dr Jack Clarke, BNFL's chief reprocessing engineer. He estimates that the factory will then be discharging as little as 5 curies of alpha and 2,000 curies of beta-gamma. But that date recedes with any extension in working life of the Magnox reactors.

So the BNFL study just submitted to the Environment Department offers several options for further investment in Magnox reprocessing. Those range from matching the French figures by the early 1990s to achieving "near-zero" discharges.

For example, it believes Sellafield could match the Cogema figures for a further investment of about £100m-£200m. For this price the factory would buy some enhancement of its new Sixep facility (about £30m) and much new pipework to recycle waste streams.

At the other end of the scale of options BNFL has presented to the Government a scheme for a giant evaporator that dwarfs the one now being commissioned. This evaporator would need to boil down some 7,000 tonnes of effluent a day, Dr Clarke says. He warns that it would need its own power station.

Such a scheme, at a cost of perhaps £1.5bn, could bring Sellafield close to zero discharges of radio-activity into the Irish Sea. There will be those who, by adherence to the principle of using the best available technology will argue that nothing less will do.

Unfortunately, it will not be an end to the problem. The giant evaporator will boil Sellafield's effluents to a sludge that can be encapsulated in concrete. But Britain will then need to find a big burial ground, at least 200 metres deep, for all the radio-active concrete.

Lombard Coffee house views not all

By Samuel Brittan

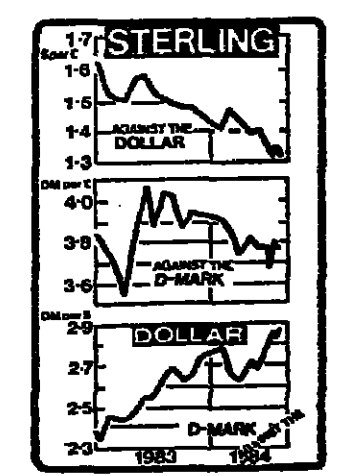
IF THERE is any wisdom in markets, it resides in what they do rather than in what participants say. Two recent examples relate to U.S. monetary policy and exchange rates. Throughout this year there has been speculation about the Fed becoming more or less restrictive. Yet its own statements made clear that it has reverted to a qualified money supply policy and is leaving the markets to determine interest rates within quite wide ranges. Many market commentators find it difficult to grasp, a policy stated that way and interpreted each short-term interest rise as an expression of Fed policy.

In his Congressional statement last week Paul Volcker affirmed the target monetary ranges for this year. For M1 and M2 actual monetary growth is well within the target. Bank credit and M3 are above, but these are less easily controlled by the Fed; and Mr Volcker simply issued a warning shot by reducing the top end of his M1 and M2 ranges for 1985.

In more technical terms the Fed chairman also confirmed that "pressures on bank reserve positions" had not changed since they were tightened in very early spring, apart from special help to Continental Illinois.

Nevertheless in the context of a boom unrivalled since Korea the no change policy is news. U.S. national income has been growing in money terms over the last year at about 12 per cent. Unless one believes that real growth can continue at over 7 per cent, the growth of U.S. national income must come down to fit inflation is not to take off. How can nominal GDP grow more slowly with a virtually unchanged monetary objective? Only if the recent rise in velocity is treated as exceptional and a fall back to trend is expected in future. This is a high-risk strategy— even though the Fed has little practical option.

The second misconception is the common habit of measuring currencies against the dollar. In recent weeks one could take off at London Airport reading that sterling had reached a new low, only to arrive at Milan to learn that the lira had done the same. All that had happened



of course was that the dollar had risen further. Contrary to popular belief sterling was not weak in April May and most of June. A very illuminating Greenwell Monetary Bulletin for July includes a graph of the effective or trade weighted sterling rate with the dollar component omitted. An alternative procedure is to monitor sterility against the D-mark.

Either way sterling did not begin to weaken until the end of June when the Bank of England issued its ill-fated statement about there being a domestic need for a rise in interest rates. (We have never been told whether the Chancellor authorised this or not.) This was followed by a small rise in the German discount rate suggesting that Germany, unlike the UK, was following interest rates up. By the time UK base rates rose by 2 of a per cent, the was dismissed as inadequate. The following week saw a full per cent rise in sterling M3 (which the Bank seemed ill-prepared) and there was a doc strike just to cap it all.

We are left with many questions. Would markets have been quite so pessimistic if the starting point had been some effective measure of sterling value rather than that for the dollar rate? Another question, whether uncoupling is required not merely from the dollar but from the coffee house view which have an undue influence on UK policy.

Mysterious oil marketing

From the Executive Secretary, Federation of Petroleum Suppliers

Sir—As widely predicted, Esso led the dance in the latest attempt by the multi-national oil oligopoly to screw the price of petroleum products higher—despite a worldwide glut, and notwithstanding the theory of free competitive markets.

What has been less publicised is a concurrent round of increases in the price of heating oils and diesel fuel, when the Rotterdam market is on its way down. The mysteries of major oil company marketing far surpass the tiny minds of puny mortals. But some inferences may be drawn.

The motorist is no doubt deservedly being subsidised by other classes of oil user. Within those other classes, there is substantial market distortion. Let the average user of Esso petrol contrast his price with that successfully tendered for this year's 44m litres on contract to the Greater London Council. Reports suggest that the successful tender was the region of 14.5p/l. Good news for London's hard-pressed rate-payers.

The bombs will, as usual, be mitigated by the increase in the price of petrol, which, year by year, quite miraculously, appear to follow close on the heels of concluded tenders.

Petrol which, to the motorist, will rise by around 2p/gallon, will rise by more than twice as much to the industrial user. An even greater distortion is expected in competitive markets—where market forces erode this latest bludgeon.

Heaven forbid that we should ever suffer the state regulation of oil prices which drives the French industry to distraction. Maybe, one day, we shall have an administration with both the wit and the will to ensure the transparency of pricing, for which Dr Bernstein of Petrofina (UK) has called more than once in your columns. E. J. Rowson.

Suite 24, First Floor, 500, Manchester Road East, Worsley, Manchester.

Bucket shop flights

From the Press and Public Relations Manager, Finnair UK and Ireland

Sir—We refer to a travel article by Caria Rapoport (July 14) which states: "The bucket shops also get empty seats from some airlines like Finnair which have empty seats on some legs of their flights."

The Financial Times is carried on daily Finnair services to Helsinki for the convenience of businessmen from the United Kingdom trading in Finland, and who are 70 per cent of our

Letters to the Editor

total local passenger sales on the London-Helsinki route.

Finnair would like readers to be informed that agreed tariffs and conditions between the United Kingdom and Finland are maintained by Finnair and our business is conducted in a correct manner for the benefit of our passengers and our appointed agents.

Since publication of this article, we have received numerous telephone calls requesting "bucket shop seats" which we do not market. Finnair writes to make it clear that the source of information relating to the company in this article was incorrect. Kenneth Campbell, Finnair, 130, Jermyn Street, SW1.

Names not glad to accept

From Mr M. Hobson

Sir—Mr Pettitt (July 25) the chief executive of Minet Holdings states that Minet has not done too badly and that the vast majority of names have consented to the resolution of a massive problem.

At the time of his letter with the offer extended and therefore not unconditional, there was no resolution of a problem. Names did not gladly accept the offer. They did it with the very greatest reluctance and many in anger albeit perhaps temporarily relieved. They did it in great ignorance of the facts in an unreasonably tight timeframe despite that Minet had been considering the matter for two years.

The clear and unequivocal responsibility for what Mr Pettitt describes as a massive problem is Minet's. It owned the managing agency, substantially profited by it and was ultimately responsible for the misappropriation of names funds.

In these circumstances Mr Pettitt's shareholders should do more than endorse his handling of the situation, they should congratulate him. I certainly believe that many, if not most of the names, do not.

M. R. Hobson, 5, Grafton Street, W.1.

Utmost good faith

From Mr R. Low

Sir—Ray Pettitt's letter (July 25) is both excellent and reassuring and goes a long way towards restoring the Lloyd's image.

What must, however, be quite clearly understood by everyone, but everyone, is that we, who

have been brought up in insurance, believe in the inviolable doctrine of uberrimae fidei—utmost good faith. Unless and until all parties in these sad and sorry affairs are seen to act with that concept uppermost in their minds, criticisms of events at Lloyd's will continue.

I would suggest that the professional demands of that doctrine override responsibilities to shareholders and to this end we shall judge the final outcome, in its broadest sense, of all these affairs. It would, of course, be appalling if Minet's shareholders were to make profit at the final reckoning.

The Lloyd's community has a long way to go to restore its tarnished image—both of itself and to the profession as a whole. To that end some of us expect all actions and decisions to reflect utmost good faith and nothing else.

R. C. Low, 88 Algey Road, West Dulwich, SE21

London's docklands future

From the Secretary, Docklands Forum

Sir, Following Michael Cassell's report (July 23) on the proposed purchase order for docklands I would like to convey the very grave concern felt by local people about the London Docklands Development Corporation's decision compulsorily to purchase 800 acres of publicly owned land in Newham's docklands. This concerns the effective removal of control over development from the local borough and residents which the order implies. The LDDC is a non-elected body and has been widely criticised in the three years of its existence for failing to consult and to take into account the planning policies of the docklands boroughs.

It is unclear why the LDDC wants compulsorily to purchase more land when it already has large areas of land in its ownership which are at present undeveloped. Of the 1,000 acres owned by the LDDC only 225 acres are currently being developed or in use. Therefore local people are interested in the plans which the LDDC has for this further land, if any. We feel that it would be irresponsible in planning terms for the LDDC to acquire land for which it has no firm proposals. There is concern that the LDDC could be using the purchase order to push through proposals which have encountered substantial local opposition, such as

SPOLport.

There are at present many initiatives and ideas for the same sites which aim to meet local needs and which have the support of large numbers of docklands residents. These include the People's Plan for the Royal Dock and the Greater London Council's offer to buy the north side of the Albert Dock from the Port of London Authority for industrial development. Local people are concerned that every detail of the operation, maintenance and replacement of a complex chemical plant, entirely by remote control, before the first franchise of the "hot" facility is ready in 1987.

The proposed operation is designed to "eat its own tail," as Mr Smith puts it, leaving no radioactive emissions or effluents to be discharged.

Similarly this could pre-empt the production, and more significantly the implementation of the statutory local plan, the present being drawn up by Newham Council. As a result the participation process conducted by the borough and the attempt to give local people some say in the future of their area which this entails becomes meaningless. The implications of this for local democracy are obvious.

Desirable attribute

From the Chairman, AIP Propagator

Sir—Sady, Roy Garner's article (July 16) presents the concept of raised office floors as another innovation from Japan. Happily, I can report that raised floors suitable for the modern computerised office have been in widespread use in the UK for at least five years. Indeed, their inclusion in new buildings seems to be well above the expected Japanese rate of installation in new offices.

Even better news is the fact that the British market, which is falling to around £20m pa already, is largely served by British manufacturers working to established standards. The Orbit report in 1983 warned of obsolescent office accommodation within the present stock of buildings. As if in confirmation of this, estate agents have begun to include raised floors in their listings of desirable attributes for vacant offices.

Perhaps we have been remiss in failing to carry the news to Japan! R. J. Steel, Dalrow Industrial Estate, Dalrow Road, Luton, Beds.



This Malaysian tiger has international trade financing at its feet.

The tiger is the symbol of Malayan Banking, Malaysia's Largest Banking Group. Our strength, size and reputation for handling large syndicated credits, have given us the experience and resources to offer you superior trade services—Documentary Credits and Collections, Bills of Exchange Purchase and Trust Receipts. We have a staff of trade service specialists who are in

TOTAL ASSETS EXCEEDING US\$ 6.6 BILLION.
OVER 180 BRANCHES IN MALAYSIA AND ABROAD.
OVER 1.5 MILLION ACCOUNT HOLDERS.
LARGEST BANKING GROUP IN MALAYSIA, COMPRISING COMMERCIAL AND MERCHANT BANKS, FINANCE, LEASING AND INSURANCE COMPANIES.

MALAYAN BANKING BERHAD
 Malaysia's Largest Banking Group.

constant touch with the major centres of the world. And a widespread network with branches in Hong Kong, London, Hamburg and correspondent banks all over the world. To find out more about how we can meet your needs, contact: Mr. Lee Chen Chong, 74 Coleman Street, London EC 2R 5BN. Tel: 6380561 Telex: 888586 MBBLDN G

Wallis Building since 1860

FINANCIAL TIMES

Monday July 30 1984

RUSH & TOMPKINS Property Investment Development & Construction 01-300 3384

Terry Byland on Wall Street Component sector good in all parts

The turmoil in last week's Wall Street markets - caused by the Commerce Department's latest estimate of economic growth in the second quarter and the news that the Federal Reserve had not yet tightened credit - began the search for a new catalyst of equity.

The ideal stock for this season is one that will have benefited to the full from the powerful surge in the U.S. economy in the first half of the year, but which will not be hurt too much if the business climate turns harsh towards the end of this year.

The low price earnings ratios on the Detroit car makers, for example, indicate the market's fears that the present boom in the industry could be an early casualty if interest rates rise after the presidential elections in November.

A better way for investors to protect themselves against future shocks, according to stock prices at least, may be to look at the automotive after-market companies.

Paris, which usually stands away from the whole after-market industry, as well as Standard Motor Products, Echlin, Snap-on Tools and Sun Electric have all traded strongly into the second quarter reporting season.

In part this reflects a very strong performance in the first quarter, when the industry benefited from new unemployment, rebuilding industries, increased consumer spending and, of course, booming sales by the motor industry proper.

Profit gains for the first quarter ranged to 77 per cent for Genuine Parts, and 50 per cent for Snap-on Tools and Standard Motor.

It was generally agreed among the Wall Street analysts that the pace could slow in the second quarter - it is now clear that the stock prices did not suffer. In every case, stocks are still standing firmly at the levels reached in the wake of the first-quarter results, despite a fall of 7 per cent in the Standard and Poor's 400 industrial index.

Overseas, p/e ratios of around 10 suggest projected earnings for fiscal 1984 compare handsomely with the current three.

Table with 2 columns: STOCK, PRICE & P/E. Lists Standard Motor, Echlin, Genuine Parts, Snap-on Tools, Sun Electric with their respective prices and P/E ratios.

One reason for the strength of the stocks is that, notwithstanding expectations of a slower second quarter, Wall Street is forecasting earnings gains of 25 per cent to 35 per cent for the full year. With the economy still apparently going strong and unemployment low, the case for a second-quarter slowdown as probably weakened, in which case the year-end results might be better than expected.

But another major factor is the additional performance of auto after-market stocks in bad times. Recession elsewhere in industry tends to stimulate self-help among the motorists, who are also more likely to repair their existing cars than buy new ones.

YAHAD PARTY LEADER IS A KEY PIECE IN POST-ELECTION PUZZLE

Weizman holds coalition stage

BY DAVID LENNON IN TEL AVIV

MR EZER WEIZMAN, whose centrist Yahad Party won three Knesset seats in Israel's recent elections, holds the political stage after the first week of negotiations to try to form a coalition government.

Last Monday's elections left the country's two main parties seriously weakened as voters spread their favours among 14 parties and created a complex political puzzle which could take weeks to resolve itself.

Either the ruling right-wing Likud or the opposition Labour Party could theoretically establish a coalition, but they would need Mr Weizman's support if they were to command even a narrow majority in the 120-seat Knesset.

The two main parties are furious with the former Likud Defence Minister who says: "I have many friends in the Likud, but I prefer the political platform of Labour."

Over the weekend the Likud tried to persuade Mr Weizman to forget the disagreement which led to him leaving the Government in 1980, promising him a senior post in government and hinting that he might eventually take over as party leader.

But 61-year-old Mr Weizman, who had hoped to win a larger representation in the Knesset refused to make any commitment preferring to "keep my options open."

He was highly critical of the foreign, defence and economic policies of the outgoing Government during talks on Friday with Mr Yitzhak Shamir, the Prime Minister. One of the architects of the peace agreement with Egypt, he believes that

the government is frittering away the chances of peace in the region by unnecessarily hard-line policies.

A hawk who turned moderate after President Sadat's 1977 peace initiative, Mr Weizman would find it hard to join a coalition which is dependent on the support of factions like Tehiya, an ultra-nationalistic party which opposes any concessions to the Arabs, even in exchange for peace.

The colourful ex-UK air force pilot who went on to be commander of the Israeli air force, declined to say which coalition he will join. He appears to favour a broad-based coalition of national unity, headed by "the party that won the largest number of seats." - Labour.

But he is expected to wait to see whether Likud or Labour is more successful at winning the backing of the moderate National Religious Party (NRP), which also commands a pivotal position in Israel's delicately balanced political machinery.

The NRP has been start of every coalition to date whether headed by Labour or Likud. It is currently showing an inclination to take its four Knesset seats into a Labour coalition, but undoubtedly would join with Likud again if the right-wing party's prospects for heading the new government appeared the brightest.

Likud's chances were boosted yesterday with the announcement by the religious Sephardi Tora Guardians party that it definitely preferred to commit its four Knesset seats to a right-wing government headed by Mr Shamir.

Mubarak ready to talk, Page 2

U.S. banks reduce foreign borrowings in first quarter

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT IN LONDON

U.S. BANKS sharply reduced their borrowing abroad in the first quarter of this year in an abrupt slowdown, according to figures released today by the Bank of International Settlements (BIS).

Foreign deposits at U.S. banks grew by only \$4.9bn, less than a fifth of the \$27.5bn increase recorded in the last quarter of 1983, says the BIS, a leading monitor of international banking flows. At the same time the banks' lending abroad dropped by \$1.1bn, after growing \$10.2bn in the preceding three months.

The BIS gives no clue as to the reason for the sudden shift. Economists say it appears to mark a concerted effort by U.S. banks to curb their balance sheet growth in response to pressures on their earnings and capital gearing ratios.

U.S. banks also cut back on their international business in the main offshore centres of the Caribbean and Far East, the BIS reports. Cross-border assets and liabilities in these centres each fell by about \$4bn during the quarter under review.

The decline in foreign borrowings meant that the U.S. was no longer able to use its banking system to finance its rapidly growing current account balance of payments deficit. This deficit was financed in large measure through capital inflows outside the banking system, says the BIS.

Net inflows of currency through the banking system were only \$6bn during the quarter, it says. They fell far short of the \$19.7bn current account balance of payments deficit and the difference had to be made good by other means.

Overall international bank lending grew by only \$17bn in the first quarter, compared with \$55bn in the final three months of 1983.

There was a marked slowdown in interbank lending, as well as in lending to countries in the developing world, but the BIS says this was offset by buoyant lending business within the main industrial countries.

It adds that the underlying expansion of international bank credit during the first quarter was \$25bn, 2% times higher than in the first quarter of 1983.

Nestlé drops U.S. bid

BY ANDREW BAXTER IN LONDON

NESTLÉ, the Swiss food group, has dropped its \$513m bid for CooperVision, a California-based eye-care products group, after opposition by the U.S. Federal Trade Commission (FTC).

The acquisition would have been the largest in Nestlé's history and the biggest by any Swiss company. Its abandonment is a major blow to Nestlé's diversification strategy, a cornerstone of which is expansion in the U.S.

Nestlé had launched its \$25 share agreed bid in April through its Alcon Laboratories unit, a Texas-based maker of eye-care drugs. The deal required regulatory approval however, and on Friday the FTC said it would oppose it on competition grounds.

THE LEX COLUMN

Planning consent for the builders

The accelerating migration of bank deposits to building societies in recent years must reveal something about consumer preference. And it has become a commonplace that it shows one thing most clearly: as a source of basic financial services building societies have left the clearing banks standing. Their success in attracting deposits is not entirely a matter of higher interest rates, nor can it be explained by the blackmailing lure of a mortgage - not since the banks entered the mortgage market. The societies' increasing flexibility and conscious policy of innovation, have sharpened the problems of the banks and consequently forced the authorities to multiply their definitions of money.

So it is in a way surprising to find the clearing banks, rather than the builders, playing a prominent role in the deregulation of financial markets. Rushing to open up financial superstores has been a preoccupation of the city of London ever since the Stock Exchange settled its differences with Mr Cecil Parkinson in June last year. The clearing banks swam willingly to the centre of this whirlpool, just as soon as it was realised that they could not only contribute the balance sheet weight to underpin an integrated financial conglomerate, but distribute the products through an all-too sprawling portfolio of high street property.

With their more friendly retailing demeanour - and a deposit base roughly equal to the banks' at about £30bn - the same strategy ought to be at least as open to the building societies. Indeed, it might be even more logical to make a building society the nucleus for a new-style integrated financial chain, were it not for the 19th Century legal shackles which so far have kept the most innovative societies close to the straight and narrow of financing house loans out of personal deposits. Last week's Green Paper discussion document from the Treasury, setting out a new legal framework for building societies, proposes to set the societies loose in the interests of keener competition. But only up to a point.

Since the Treasury's approach to reform of building society law turns out to be predictably conservative - retaining mortgage lending as the

primary objective - it appears that the movement's scope for experimentation will after all be rather limited. A society's balance sheet can be reshaped within bounds which allow for a modestly riskier loan book and more wholesale funding. But the most marked result of the new freedom will surely be a proliferation of add-on services. Even there constraints will bite: insurance underwriting is definitely to remain beyond the societies' remit, while stockbroking (or even the use of building society premises by independent brokers) is seen as a rather speculative possibility for the longer term.

Where society balance sheets are concerned, it is to the asset side that the Green Paper yields the more obvious chances for improvisation. Unsecured lending powers - potentially the radical emancipation - may not do much more than legitimise a type of loan which already exists, where the last few points of a 100 per cent mortgage are tacitly intended to finance consumer purchases and the security is of a pretty dubious nature. In practice, the ability to invest directly in property and to take on the colouring of residential developers might have more far-reaching effects, potentially exposing societies directly to large-scale risks in a volatile market.

In any event, the speed at which societies can explore the racier possibilities will be controlled by reserve asset requirements, which are rightly to be made stiffer in proportion as the risks increase. The capital for newly permitted ventures will have to come mainly from retentions which means widening spreads, pruning costs, or enjoying a successful run in gilt-edged. To make an impression in the newly opened markets could therefore take the builders several years.

The liability side of balance sheets is not much explored by the Green Paper, beyond imposing a 20 per cent ceiling on the amount of wholesale money in the funding base. From the viewpoint of monetary control, it might have been worth the Treasury's while to consider the creation of a secondary market in mortgages. A mortgage bond market on U.S. lines might be a useful device for converting riotous personal borrowing into benign funded debt.

In the end, it may be that the chance to turn their fixed capital over more rapidly will do more for the societies than any opportunity to make more highly geared use of their reserves. For the prudential restrictions suggest that the societies may feel like the schoolchild on a half-term treat confronted with a mouth-watering menu but permitted to order only one course at a time.

Stamp duty

One of the more delicate duties to have been imposed in recent years on merchant bank take over specialists is that of approaching the disgruntled management of a company just taken over and asking it to co-operate in executing a convoluted stamp duty avoidance scheme.

The "pref-trick", as the accountants call it - which involves the temporary removal of value from the shares in the target company - has become such standard practice that a management which failed to co-operate could be accused of dereliction of duty to its shareholders.

On Friday, however, the Government announced two measures to end this practice. An exchange of shares for shares in a corporate takeover will from now on be exempt from stamp duty. But when shareholders in the target company accept cash, stamp duty will continue to be payable - and any use of the "pref-trick" to avoid it will be challenged under the principle of a recent judicial decision in the case of Furniss v Dawson.

These measures will simplify the work of corporate financiers, but cut the fee income of corporate lawyers - and bring the incidence of stamp duty approximately in line with that of capital gains tax.

By discriminating against cash offers, and that includes underwritten cash offers via a bank, the measures will, however, give further artificial encouragement to conglomerate growth through the issue of paper. More fundamentally, the decision suggests that the Revenue is likely to give the widest possible interpretation to the Furniss v Dawson principle. If fiscal uncertainty is not to blight corporate financial planning any further, the Revenue should now decide quickly which types of transactions can be given advance clearance.

Call to cut French car jobs

BY DAVID HOUSEGO IN PARIS

THE FRENCH motor industry needs to shed 70,000 jobs - a third of its workforce - in the next few years, according to an independent commission set up by the Government.

The size of the cut required by Renault and Peugeot if they are to remain internationally competitive demonstrates the magnitude of the problems in the industry facing the new Government of Prime Minister Laurent Fabius.

Although the commission under M François Dalle, chairman of the cosmetics group L'Oréal, is not expected to publish its conclusions until September, reports of its interim findings have leaked to the press.

The commission has said the Renault and Peugeot groups need to improve productivity by 5-7 per cent a year, both through cuts in their workforces and investments totalling some FF7,500 a year.

The proposed 70,000 cut in the 230,000 employed by the two groups includes Renault's loss-making heavy trucks division. In addition the Dalle commission says the capital goods manufacturers for the car industry will need to shed about 20,000 people. The reorganisation of the car industry is one of the delicate restructuring exercises facing the Government because one in ten of France's workforce is said to be directly or indirectly employed by the sector.

The proposed rate of investment is in line with what Renault has been spending but above the recent investment level of Peugeot.

Car registrations in France have fallen 15 per cent in the first half

UK mine union short of cash

BY OUR LABOUR AND POLITICAL STAFF

A NEED for money by Britain's miners' union is becoming increasingly urgent as the strikes against pit closures enters their 21st week.

Leaders of the Trades Union Congress (TUC) will this week consider how they will respond to the union's difficulties.

Support from unions such as the General, Municipal and Boilermakers, the Transport and General Workers, the National Union of Public Employees and the print union Sogat '82 has been substantial, but expressed in tens of thousands of pounds - not the hundreds

of thousands needed to sustain a long and costly strike.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), believes that this level of financial support should be given without conditions by the TUC-affiliated unions.

Conti Illinois looks to long-term

Continued from Page 1

It remains to be seen, though, whether Continental will be able to meet the aggressive funding needs of some of its former prime customers.

Mr Ogden refuses to be trapped into "playing the numbers game" and forecasting where the new Continental will rank in the pecking order after its operations have been slimmed down. At the end of last year it ranked eighth in size, it probably ranks 12th now and will get still smaller.

"We expect to be a significant bank in the Mid-West, the nation and to some degree overseas, because you can't be a significant bank in the U.S. if you do not have an overseas presence," says Mr Ogden.

The future of Continental's network of 36 foreign offices in 25 countries is another area of uncertainty. "I do not think we are going to be as broadly based as we have been," says Mr Swearingen, "but on the other hand I do not conceive of

Continental's future lying solely in Chicago, or even the U.S. London is too important, Tokyo is important."

A final element of uncertainty in the Continental rescue is the chemistry between the two men. They have known each other a long time but both have strong views and their position as equals - Mr Swearingen heads the holding company while Mr Ogden heads the bank - raises the question of who is really in charge.

AT&T to build plant in Spain

Continued from Page 1

With Spain on target to enter the EEC on January 1, 1986, the plant is seen as providing AT&T's base for trading to the European Community. According to provisional estimates, 60 per cent of its production in 1990 will be sold outside Spain.

AT&T has in the past year been negotiating joint venture possibilities with other European countries. Last February it failed to take over Immos, the UK microchip manufacturer.

THE LEX COLUMN

Planning consent for the builders

The accelerating migration of bank deposits to building societies in recent years must reveal something about consumer preference. And it has become a commonplace that it shows one thing most clearly: as a source of basic financial services building societies have left the clearing banks standing. Their success in attracting deposits is not entirely a matter of higher interest rates, nor can it be explained by the blackmailing lure of a mortgage - not since the banks entered the mortgage market. The societies' increasing flexibility and conscious policy of innovation, have sharpened the problems of the banks and consequently forced the authorities to multiply their definitions of money.

So it is in a way surprising to find the clearing banks, rather than the builders, playing a prominent role in the deregulation of financial markets. Rushing to open up financial superstores has been a preoccupation of the city of London ever since the Stock Exchange settled its differences with Mr Cecil Parkinson in June last year. The clearing banks swam willingly to the centre of this whirlpool, just as soon as it was realised that they could not only contribute the balance sheet weight to underpin an integrated financial conglomerate, but distribute the products through an all-too sprawling portfolio of high street property.

With their more friendly retailing demeanour - and a deposit base roughly equal to the banks' at about £30bn - the same strategy ought to be at least as open to the building societies. Indeed, it might be even more logical to make a building society the nucleus for a new-style integrated financial chain, were it not for the 19th Century legal shackles which so far have kept the most innovative societies close to the straight and narrow of financing house loans out of personal deposits. Last week's Green Paper discussion document from the Treasury, setting out a new legal framework for building societies, proposes to set the societies loose in the interests of keener competition. But only up to a point.

Since the Treasury's approach to reform of building society law turns out to be predictably conservative - retaining mortgage lending as the

primary objective - it appears that the movement's scope for experimentation will after all be rather limited. A society's balance sheet can be reshaped within bounds which allow for a modestly riskier loan book and more wholesale funding. But the most marked result of the new freedom will surely be a proliferation of add-on services. Even there constraints will bite: insurance underwriting is definitely to remain beyond the societies' remit, while stockbroking (or even the use of building society premises by independent brokers) is seen as a rather speculative possibility for the longer term.

Where society balance sheets are concerned, it is to the asset side that the Green Paper yields the more obvious chances for improvisation. Unsecured lending powers - potentially the radical emancipation - may not do much more than legitimise a type of loan which already exists, where the last few points of a 100 per cent mortgage are tacitly intended to finance consumer purchases and the security is of a pretty dubious nature. In practice, the ability to invest directly in property and to take on the colouring of residential developers might have more far-reaching effects, potentially exposing societies directly to large-scale risks in a volatile market.

In any event, the speed at which societies can explore the racier possibilities will be controlled by reserve asset requirements, which are rightly to be made stiffer in proportion as the risks increase. The capital for newly permitted ventures will have to come mainly from retentions which means widening spreads, pruning costs, or enjoying a successful run in gilt-edged. To make an impression in the newly opened markets could therefore take the builders several years.

The liability side of balance sheets is not much explored by the Green Paper, beyond imposing a 20 per cent ceiling on the amount of wholesale money in the funding base. From the viewpoint of monetary control, it might have been worth the Treasury's while to consider the creation of a secondary market in mortgages. A mortgage bond market on U.S. lines might be a useful device for converting riotous personal borrowing into benign funded debt.

In the end, it may be that the chance to turn their fixed capital over more rapidly will do more for the societies than any opportunity to make more highly geared use of their reserves. For the prudential restrictions suggest that the societies may feel like the schoolchild on a half-term treat confronted with a mouth-watering menu but permitted to order only one course at a time.

Stamp duty

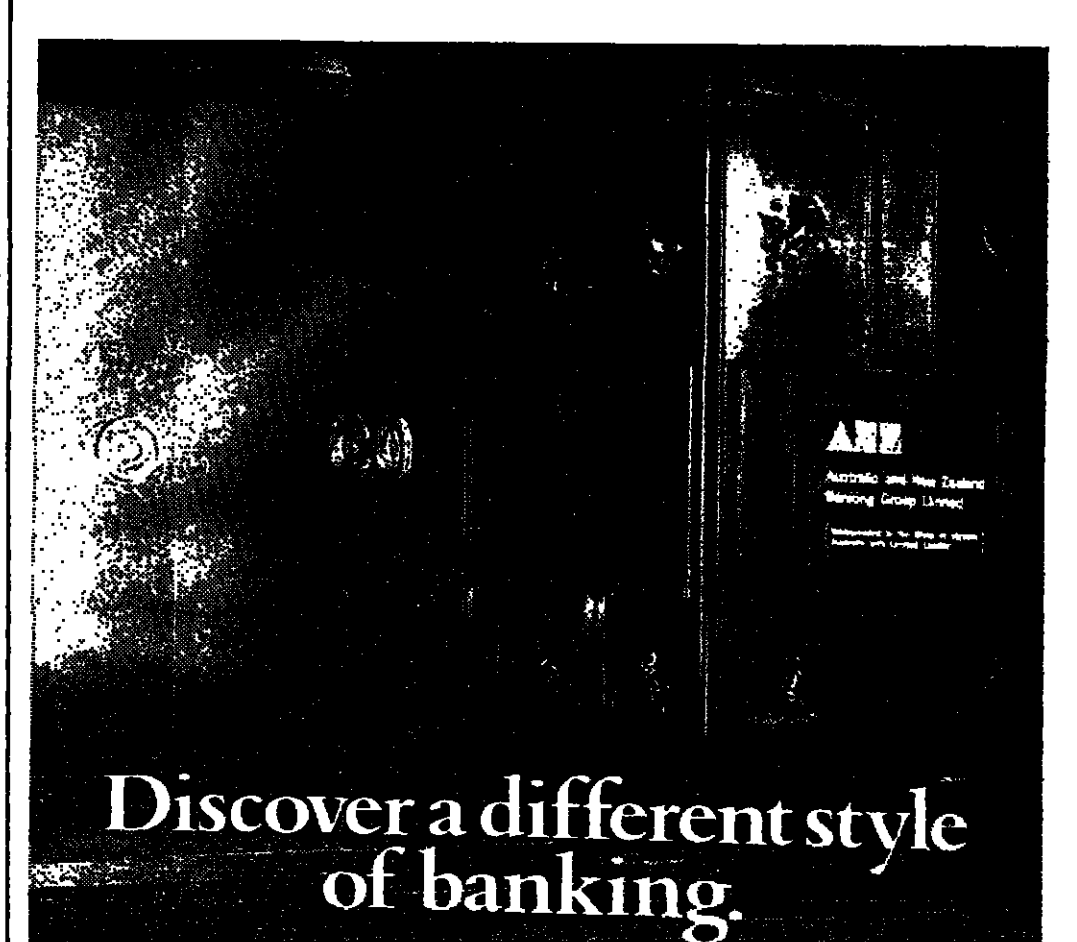
One of the more delicate duties to have been imposed in recent years on merchant bank take over specialists is that of approaching the disgruntled management of a company just taken over and asking it to co-operate in executing a convoluted stamp duty avoidance scheme.

The "pref-trick", as the accountants call it - which involves the temporary removal of value from the shares in the target company - has become such standard practice that a management which failed to co-operate could be accused of dereliction of duty to its shareholders.

On Friday, however, the Government announced two measures to end this practice. An exchange of shares for shares in a corporate takeover will from now on be exempt from stamp duty. But when shareholders in the target company accept cash, stamp duty will continue to be payable - and any use of the "pref-trick" to avoid it will be challenged under the principle of a recent judicial decision in the case of Furniss v Dawson.

These measures will simplify the work of corporate financiers, but cut the fee income of corporate lawyers - and bring the incidence of stamp duty approximately in line with that of capital gains tax.

By discriminating against cash offers, and that includes underwritten cash offers via a bank, the measures will, however, give further artificial encouragement to conglomerate growth through the issue of paper. More fundamentally, the decision suggests that the Revenue is likely to give the widest possible interpretation to the Furniss v Dawson principle. If fiscal uncertainty is not to blight corporate financial planning any further, the Revenue should now decide quickly which types of transactions can be given advance clearance.



Discover a different style of banking. Corporate and institutional banking. Financial futures. Foreign exchange. Fixed price, short term lending. Funding to medium term by a range of alternatives. Whatever your business, you'll find ANZ's approach to corporate banking shines out from the rest. We've nearly 150 years' experience in the City behind us, for a start. And we've now opened new representative offices in Frankfurt and Zurich. So our knowhow and international expertise is spreading every day. Why not discover the ANZ difference for yourself? You'll be opening the door to a better way of banking.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Downe, Frankfurt/Main, P. Barlow, R.A.F. McClain, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors, Primus, Frankfurt/Main, P. Barlow, Kerel GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1984.

July 30 1984

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday July 30 1984

PROPERTY PROFESSIONALS
Hunting Gate 4444
SITES FINANCE DESIGN BUILD DEVELOPMENT
TEL 04623 4444

Hillier Parker
PROPERTY ADVISERS
London (W1 & City), Edinburgh, Belgium, France, Holland, Germany, Italy, Australia and Landauer Assoc. Inc.-U.S.A.

Industrial countries account for bulk of bank loan activity

BY OUR EUROMARKETS CORRESPONDENT IN LONDON
THE TWO-TIER market in international bank lending continued in the first quarter of this year. New loan activity was heavily concentrated in industrial countries, while other regions of the world received little new credit, according to the latest figures from the Bank for International Settlements (BIS).

Fixed debt service plan considered for Brazil

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON
THE WORLD BANK is considering a major co-financing exercise for Brazil that could provide a large chunk of its new money requirements from commercial banks next year.

Lloyds Bank issue extends frontiers of Eurosterling sector

BY MAGGIE URRY IN LONDON
LLOYDS BANK won the gold medal last week in the race to break the £100m barrier set by the Bank of England for Eurosterling issues.

NEW INTERNATIONAL BOND ISSUES
Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Lead Manager, Offer yield %.

U.S. \$100,000,000
All Nippon Airways Co., Ltd.
(Zen Nippon Kuyu Kabushiki Kaisha)
14% Guaranteed Bonds Due 1994
The Industrial Bank of Japan, Limited
MORGAN GUARANTY LTD
List of participating banks: ALGEMENE BANK NEDERLAND N.V., CHASE MANHATTAN CAPITAL MARKETS GROUP, etc.

Kingdom of Sweden
U.S. \$750,000,000
Undated Floating Rate Notes
MORGAN GUARANTY LTD
List of participating banks: BANK OF TOKYO INTERNATIONAL LIMITED, BANQUE NATIONALE DE PARIS, etc.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Retail investors on buying spree after Volcker testimony

LONG-TERM U.S. bond prices rallied strongly last week as retail investors went on a buying spree marking a decisive improvement in market mood in the wake of the congressional testimony by Mr Paul Volcker, the chairman of the Federal Reserve Board.

Despite some profit taking on Friday the Treasury long bond closed 2 1/2 points higher at 103 1/2. As a result the yield on the 30-year government bond which was hovering around 14 per cent just eight weeks ago, plunged to 12.88 per cent.

The sharp improvement in bond prices recently reflects renewed optimism about a further slowing in the pace of economic growth in the U.S. reduced fears about a resurgence in inflation, and an underlying view that the Fed will hold monetary policy steady.

Mr Volcker's testimony last week reinforced these views. He delivered a carefully balanced blend of relatively bullish comments and caution confirming that the Fed did not tighten monetary policy at the Federal Open Market Committee meeting earlier this month because of signs that growth in the economy was slowing.

The markets, which will have another chance to assess Mr Volcker's message when he returns to Capitol Hill today for more questioning, this time by Congress's Joint Economic Committee, read his comments as indicating that, for the moment at least, the Fed is adopting a "passive" but firm monetary policy.

Against this backdrop U.S. bond prices have broken out of their recent depressed trading range—even though short-term rates remain firm.

Last week government bond prices gained between 1 and 2 1/2 points with the largest gains coming in the medium and long-term issues. The 20-year bond yield closed lower by 4 1/2 basis points at around 12.79 per cent

while the new 12 1/2-year note, auctioned last week at an average yield of 12.09 per cent, closed at 12.57 per cent.

In contrast short-term rates were unchanged to slightly higher. The Fed intervened again to drain reserves when the Fed funds rate dropped briefly below 10 per cent and it closed at 11.44 per cent on Friday.

The sharp rally in bond prices has brought a marked flattening in the yield curve. The yield gap between the 30-year bond and 3-month T-bills has been almost halved since the end of May when it stood at over 400 basis points. But the sharpest reduction over the past four weeks has come between the three-month and seven-year issues where the spread has narrowed from 219 to 141 basis points as being partly privatised, records a 6.2 per cent rise in revenues during the first six months of this year, to 1,651bn (U.S.\$372m). The company did not disclose profits for the half-year. They were 1,829bn for the whole of 1983.

The Milan-based company, a part of the ENI state energy holding group, is offering 50 per cent of its shares for L194.5bn on the Milan bourse. A further issue is expected next year on the New York Stock Exchange.

Among the new issues Bank America sold \$200m of floating rate notes priced at 9 3/4 and Commonwealth Edison sold a two-part issue of \$100m of 14 per cent five-year bonds and \$100m of 14 1/2 ten-year bonds.

By the close on Friday corporate bond prices were generally higher by between 2 and 2 1/2 points.

The market's nerve will however be tested again this week by another batch of U.S. economic statistics including June house sales tomorrow and the June unemployment rate due to be released on Friday.

In addition the market will be given another nifty reminder of the Federal budget deficit on Wednesday when the Treasury announces details of its quarterly refunding package. This is expected to total between \$16.75bn and \$17bn and include three, 10 and 30-year offerings. The refunding will be of particular interest since it will be the first since the repeal of withholding tax on foreign purchases of U.S. paper.

U.S. INTEREST RATES

Week to	July 27	July 20
Fed funds weekly average	11.19	11.21
3-month T-bills	11.20	11.47
30-year long bond	12.77	13.07
AAA utility	12.69	13.00
AA industrial	12.50	12.82

Sources: Salomon Brothers (estimates), in the week ended July 16 for all by 10:00 a.m. EST.

Reduced second-quarter net deficit for LTV

BY TERRY DODSWORTH IN NEW YORK

LTV, the U.S. steel and aerospace components group, trimmed its losses in the second quarter of this year, but complained that record levels of tubular products imports had undermined its competitive position.

Net losses amounted to \$22.7m, or 50 cents a share, against a deficit of \$41.5m, or \$1.20 a share in the same period of last year. The underlying improvement was somewhat stronger than these figures suggest, since the loss last year was reduced by an exceptional gain of \$59.2m from the extinguishment of debt.

All of the figures exclude Republic Steel, which is in the process of merging with LTV. Mr Raymond Hay, the chairman, said the losses resulted primarily from persistently weak markets, higher interest expense (which rose from \$22m to \$43.9m) and continuing poor demand for oilfield equipment.

Sales in the period rose by 59 per cent from \$994m to \$1.6bn, while for the first six months they were up from \$1.59bn to \$2.99bn. Net losses over the first half came to \$51.7m, or \$1.11 a share, against a deficit of \$138.5m, or \$2.77 a share, in 1983.

In the figures exclude Republic Steel, which is in the process of merging with LTV. Mr Raymond Hay, the chairman, said the losses resulted primarily from persistently weak markets, higher interest expense (which rose from \$22m to \$43.9m) and continuing poor demand for oilfield equipment.

On the steel side the group was especially hard hit by tubular imports, which reached 62 per cent of the domestic market in the second quarter. Operating level the steel group's loss was narrowed to \$2.6m, against a deficit of \$52.1m a year ago, and \$27.4m in the previous quarter. Shipments increased by 29 per cent to 1.5m tons.

In the aerospace and defence division, operating income more than doubled to \$37.5m, while energy products had a \$4m loss against a deficit of \$15.5m in 1983.

Interim growth at Saipem

BY ALAN FRIEDMAN IN MILAN

SAIPEM, the state-owned Italian oil and gas pipeline and drilling company which is being partly privatised, records a 6.2 per cent rise in revenues during the first six months of this year, to 1,651bn (U.S.\$372m). The company did not disclose profits for the half-year. They were 1,829bn for the whole of 1983.

The Milan-based company, a part of the ENI state energy holding group, is offering 50 per cent of its shares for L194.5bn on the Milan bourse. A further issue is expected next year on the New York Stock Exchange.

IBH allegations denied

BY JONATHAN CARR IN FRANKFURT

Herr Horst Dieter Esch, founder of the IBH, the West German construction consultancy group which collapsed in December, has denied allegations that some of the group's capital increases may have been carried out improperly.

In a statement issued through his lawyers here, Herr Esch stressed that every IBH capital increase was wholly paid for by the group's shareholders—excluding General Motors of the U.S.—in cash.

Herr Esch was detained by police in March and has since been held in custody during the investigation of his group's affairs.

Head named for Landesbank Rheinland-Pfalz

BY JOHN DAVIES IN FRANKFURT

AN executive in one of West Germany's largest savings banks, Dr Paul Wiewandt, has been named head of the LANDES-BANK RHEINLAND-PFALZ. He takes over from Dr Erwin Sauer, who resigned last month in the wake of the bank's involvement in Deutsche Anlagen-Leasing (DAL), the troubled leasing concern.

Dr Wiewandt, aged 48, a lawyer, has been on the managing board of the Dusseldorf city savings bank since 1976 and was previously an executive of the private bank of Merck, Finck.

He takes over the Mainz-based

Landesbank at sensitive time

Landesbank at a sensitive time, with losses and write-offs incurred through DAL casting a shadow over the bank's operating earnings.

Dr Sauer, who resigned after seven years as chief executive of the bank, was previously Economics Minister in the Saarland state government.

● Captain A. M. Kapur has been appointed chairman of AIR-INDIA. He is currently chairman of the International Airports Authority of India. He was chief flying instructor of the Central Training Establishment of Indian Airlines and later its principal.

● Dr Wiedandt, aged 48, a lawyer, has been on the managing board of the Dusseldorf city savings bank since 1976 and was previously an executive of the private bank of Merck, Finck.

● Mr James T. Anderson has been appointed vice-president and treasurer for U.S. WEST, a telecommunications holding company. U.S. West is the

Continued improvement at Texas Instruments

BY OUR FINANCIAL STAFF

TEXAS INSTRUMENTS, the major Dallas-based diversified electronics group, reported a continuing improvement in profits in the second quarter, helped by the strength of the world semiconductor market.

Net earnings were \$85.9m or \$3.27 a share, against a loss of \$119.2m or \$5 in the second quarter of 1983, when the company was plagued by problems in its now discontinued home computer business.

The latest profits figure is a 7.6 per cent improvement on the \$79.8m recorded in the 1984 first quarter, and takes the six-month figure to \$165.7m or \$3.89 a share, against a loss of \$112m or \$4.71 a share, recorded in the second quarter of 1983.

The company said semiconductor operations, orders, shipments and profits all reached all-time quarterly highs in the second quarter, with growth across most major geographic and product areas. Book-to-bill ratios were returning to levels reflecting a more stable growth pattern.

Metallurgical materials, electrical controls, and government electronics divisions performed well, but the data systems sector remained depressed and reflecting a more stable growth pattern.

Metallurgical materials, electrical controls, and government electronics divisions performed well, but the data systems sector remained depressed and reflecting a more stable growth pattern.

Sharp rise in profits at Winsor Industrial

BY DAVID DODSWELL IN HONG KONG

WINSOR INDUSTRIAL, Hong Kong's largest textile manufacturer, more than doubled its profits for the year to March 31 1984, and said the recovery of the U.S. economy "virtually single-handedly provided the impetus for the boom."

Profits after tax but before exceptional items were a record HK\$283.3m (US\$90.5m), 131 per cent better than the HK\$103.7m reported a year ago. After a loss of HK\$1.6m under extraordinary items the group reported net profits of HK\$277.8m, compared with HK\$28.8m last year.

External sales rose to HK\$1.9bn, a 42 per cent increase on 1983's sales of HK\$1.35bn. Over the same period, sales to the U.S. increased by 64 per cent.

Dr T. K. Ann, the chairman, noted, however, that textile manufacturers in Hong Kong were uneasy about prospects for the second half of this year and 1985. He said there were signs that restructuring in the U.S. was coming to an end, and that the advantages from a weak Hong Kong dollar had disappeared since the local currency was linked to the U.S. dollar last October.

The board is recommending a final dividend of 38 cents, giving a total for the year of 56 cents—more than 50 per cent better than last year's 37 cents.

Banco Filipino to re-open

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES Central Bank on the order of President Ferdinand Marcos, has agreed to reopen Banco Filipino (BF), the country's largest savings bank, which shut down last Monday because of its inability to meet heavy withdrawals from investors.

The Central Bank said it would extend up to 50n pesos (U.S.\$170m) in emergency loans to ensure full payment to depositors waiting to withdraw their money.

Mr Marcos intervened after a request from Mr Tomas Aguirre, BF's founder, to intercede with the Central Bank in order to avoid a continuing bank run and prevent other banks from falling.

In return BF has agreed to the Central Bank's appointment of Mr Basilio Estanislao, president of the state-run Land Bank of the Philippines and the Bankers' Association of the Philippines, as conservator or official custodian.

Mr Estanislao will form a team to take charge of BF's assets and liabilities, and restore the bank's viability.

Queensland (formerly assistant state manager domestic banking Queensland); and Mr Warren Riedel—assistant state manager domestic banking Queensland (formerly area manager, Illawarra, New South Wales).

● Mr Ross W. Kennan, an Australian citizen, has been appointed group director, industrial products group, at HONEYWELL INTERNATIONAL. He is responsible for the overall business of industrial process management systems, factory automation systems, test instruments, field instrumentation and industrial maintenance services in Europe, the Middle East and Africa. Mr Kennan was director, international industrial sales co-ordinating international selling for industrial products group worldwide.

INTERNATIONAL APPOINTMENTS

order to take up a position elsewhere. Mr Paalman was group manager Group 9.

● Mr Theodore Schissel has been appointed president of REEVES INTERNATIONAL, based in New York. Mr Schissel will be succeeding Mr Dennis Kerechko who is retiring as an executive vice-president of Reeves Communications and president of R.I.L. Mr Kerchko will continue to serve as a member of the Reeves Communications board and as a consultant.

● Mr Robert J. Schissel, who has been an executive vice-president of Reeves since 1983 and a director since 1977, will be based in New York.

● MORGAN BANK OF CANADA, Trust Company of New York, has appointed Mr Thomas F. Fleming Jr to succeed Mr Larry L. Chamberlain as president. Since

1983 he has been a deputy managing director with responsibilities for corporate finance activities in North America.

● Mr James R. Seizing has been appointed director of operations for the company's production facilities of BENDIX AIR TRANSPORT and GENERAL AVIATION AVIONICS DIVISIONS. Seizing was previously director of operations for the production facilities of BENDIX AIR TRANSPORT and GENERAL AVIATION AVIONICS DIVISIONS. Seizing was previously director of operations for the production facilities of BENDIX AIR TRANSPORT and GENERAL AVIATION AVIONICS DIVISIONS.

1983 he has been a deputy managing director with responsibilities for corporate finance activities in North America.

● Mr James R. Seizing has been appointed director of operations for the company's production facilities of BENDIX AIR TRANSPORT and GENERAL AVIATION AVIONICS DIVISIONS. Seizing was previously director of operations for the production facilities of BENDIX AIR TRANSPORT and GENERAL AVIATION AVIONICS DIVISIONS.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland. It does not constitute an offer of, or invitation to subscribe for, or to purchase, any Notes or Warrants.

General Electric Credit International NV

(Incorporated with limited liability in the Netherlands Antilles)

U.S. \$ 150,000,000
 12 1/2% Guaranteed Notes Due 1987
 and 150,000 Warrants to Purchase
U.S. \$ 150,000,000
 12 3/4% Guaranteed Notes Due 1991

The 1987 Notes and the 1991 Notes will be unconditionally guaranteed as to payment by

General Electric Credit Corporation

(Incorporated in the State of New York)

The foregoing Corporations are affiliates of General Electric Company, U.S.A.

The following have agreed to purchase the 1987 Notes and the Warrants:

- Smith Barney, Harris Upham & Co. Incorporated
- Banca della Svizzera Italiana
- Daiwa Europe Limited
- First Chicago Limited
- Kuwait International Investment Co., S.A.K.
- Mitsubishi Finance International Limited
- The Nikko Securities Co., (Europe) Ltd.
- Sanwa Bank (Underwriters) Limited
- Société Générale

The 1987 Notes, in denominations of U.S.\$5,000 each, with an issue price of 100 per cent, plus accrued interest from August 7, 1984, the Warrants, with an issue price of U.S.\$25 each, and the 1991 Notes, in denominations of U.S.\$1,000 each, with an issue price of 100 per cent, plus accrued interest from the preceding August 7, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global 1987 Note, of the Global Warrant and of the temporary Global 1991 Note and, in the case of the 1991 Notes, subject to the exercise of the first Warrant. Interest will be payable on the 1987 Notes and the 1991 Notes annually in arrears on August 7, commencing on August 7, 1985.

Particulars of the 1987 Notes, the Warrants, the 1991 Notes, the Issuer and the Guarantor are available in the statistical services of Excel Statistical Services Limited, and copies may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including August 13, 1984 from the brokers to the issue:

Cazenove & Co.,
 12, Tokenhouse Yard,
 London EC2R 7AN

July 30, 1984

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR	Issued	Bid	Offer	Change	Yield
STRAIGHTS					
Alcoa Housing 11 3/4	100	100 1/2	100 1/2	+0.12	13.11
All Nip. Airways 14 3/4	100	104 1/2	104 1/2	+0.14	13.11
American Savings 12 1/8	100	99 1/2	99 1/2	-0.10	13.02
Amstar 12 1/8	100	99 1/2	99 1/2	-0.10	13.02
Australian I. Dv. 11 3/8	75	101 1/2	101 1/2	+0.10	13.01
Austro Rep. 12 1/2	100	99 1/2	99 1/2	-0.10	13.01
Bank of Montreal 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Tokyo 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of India 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of China 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Japan 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Korea 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Indonesia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Thailand 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Siam 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Ceylon 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Malaya 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of East Africa 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of South Africa 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of New Zealand 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Australia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Canada 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Mexico 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Brazil 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Argentina 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Chile 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Peru 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Colombia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Venezuela 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Ecuador 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Cuba 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Haiti 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Dominican Republic 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Puerto Rico 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Trinidad and Tobago 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Guyana 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Suriname 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of French Guiana 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Guadeloupe 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Martinique 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Reunion 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Mayotte 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Comoros 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Madagascar 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Mauritania 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Mali 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Niger 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Chad 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Senegal 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Guinea 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Sierra Leone 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Liberia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Ivory Coast 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Upper Volta 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Benin 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Togo 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Benin 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Nigeria 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Cameroon 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Gabon 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Congo 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Zaire 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Angola 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Namibia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Botswana 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Lesotho 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Swaziland 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Zimbabwe 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of South Africa 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of New Zealand 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Australia 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Canada 12 1/2	100	100 1/2	100 1/2	+0.10	13.01
Bank of Mexico 12 1/2	100	1			

Jaguar waits for public to pounce on share offer

BY ALISON HOGAN

Jaguar is now well on the road to privatisation, awaiting only the response from the public to the underwritten offer for sale of almost all its equity.

At a pre-tax profit for the six months to June 1984 of approximately £41m compared with £25m for the comparable period last year.

The p/e based on the 12 months to June 1984 is 6.9 at the 165p offer price. The yield on a forecast net dividend of 4.75p to December 1984 is 6.7 per cent.

American Oil Fields cuts losses to £4m

PRE-TAX LOSSES at American Oil Fields Systems were substantially reduced from £7.33m to £4.02m in 1983.

The company, which is engaged in gas and oil exploration in the United States, says its share of partnership sales of oil and gas was little changed at £1.98m compared with £1.9m.

Marshall's spurns bid by Grovebell

BY ALISON HOGAN

THE BOARD of Marshall's Universal, the vehicle distributors and paper merchant, has sent a document to shareholders urging them to reject the £5.5m takeover bid from Grovebell.

Pre-tax profits of Marshall's for the first three months of the financial year were estimated to be £70,000 which compares with £77,000 for the comparable period last year and £519,000 for the year as a whole.

COMPANY NEWS IN BRIEF

Regalia Properties achieved strong growth in pre-tax profits from £333,396 to £783,440 in the year ended March 31 1984. Turnover, however, was lower at £4.66m, against £4.85m.

Early in 1984 the directors of J. T. Farriss closed down its department store and concentrated efforts in the property and financial fields, since when a return to pre-tax profits of £6,000 has been shown against previous losses of £24,000.

MINING NEWS Durban Deep's new area

AS PART of a long-term deal the veteran Durban Deep, one of South Africa's marginal gold producers, is to be permitted to carry out mining operations over an area adjoining the western boundary of its property.

The mining rights granted to Durban Deep are also partly in areas where mineral rights are held by Johannesburg Consolidated Investment and South Rodeoport Main Reef Areas.

EQUITIES

Table with columns: Issue, Price, High, Low, Stock, Change, etc. Lists various equity issues and their performance.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, High, Low, Stock, Change, etc. Lists fixed interest stock issues.

"RIGHTS" OFFERS

Table with columns: Issue, Price, High, Low, Stock, Change, etc. Lists rights offers.

Renunciation date usually last day for dealing free of stamp duty. Figures based on prospectus estimates.

BOARD MEETINGS

Table with columns: Company, Date, Meeting Type, etc. Lists board meeting dates.

PENDING DIVIDENDS

Table with columns: Company, Date, Dividend Amount, etc. Lists pending dividends.

Britoil 1984 Interim Results. SEE PAGE 3. U.S. \$150,000,000.

Société Nationale des Chemins de Fer Français. Floating Rate Notes due 1988 and Warrants to Purchase U.S. \$150,000,000.

Compagnie Generale des Eaux. has taken a major interest in Groupe Monteny.

FINANCIAL TIMES STOCK INDICES. Table with columns: Index Name, July 27, 28, 29, 30, 31, 1984 High, Low, etc.

Sanwa International Finance Limited. U.S. \$150,000,000. Guaranteed Floating Rate Notes Due 2004. The Sanwa Bank, Limited. (Kobushiki Kaisha Sanwa Ginko) (Incorporated in Japan with limited liability).

Closing prices, July 27

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Dr.	Yd.	P/100	12 Month High	Low	Stock	Dr.	Yd.	P/100
12.00	11.00	AAA				12.00	11.00	AAA			
11.50	10.50	AA				11.50	10.50	AA			
11.00	10.00	A				11.00	10.00	A			
10.50	9.50	B				10.50	9.50	B			
10.00	9.00	C				10.00	9.00	C			
9.50	8.50	D				9.50	8.50	D			
9.00	8.00	E				9.00	8.00	E			
8.50	7.50	F				8.50	7.50	F			
8.00	7.00	G				8.00	7.00	G			
7.50	6.50	H				7.50	6.50	H			
7.00	6.00	I				7.00	6.00	I			
6.50	5.50	J				6.50	5.50	J			
6.00	5.00	K				6.00	5.00	K			
5.50	4.50	L				5.50	4.50	L			
5.00	4.00	M				5.00	4.00	M			
4.50	3.50	N				4.50	3.50	N			
4.00	3.00	O				4.00	3.00	O			
3.50	2.50	P				3.50	2.50	P			
3.00	2.00	Q				3.00	2.00	Q			
2.50	1.50	R				2.50	1.50	R			
2.00	1.00	S				2.00	1.00	S			
1.50	0.50	T				1.50	0.50	T			
1.00	0.00	U				1.00	0.00	U			
0.50	0.00	V				0.50	0.00	V			
0.00	0.00	W				0.00	0.00	W			
0.00	0.00	X				0.00	0.00	X			
0.00	0.00	Y				0.00	0.00	Y			
0.00	0.00	Z				0.00	0.00	Z			

Continued on Page 17

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, July 27

Main table of American stock exchange closing prices, organized in columns by stock symbol and name, including price, volume, and change.

Continued on Page 18

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and name, including price, volume, and change.

Sales figures are annualized. Yearly highs and lows reflect 1980-83 weekly closing prices. Current work, but not the late trading day. Where a stock or stock option is shown in bold type, it means that the stock or option is in the top 100 of the market.

Dividend and interest: Annual rate of dividend or stock dividend. C—cumulative dividend; D—dividend; P—preferred; S—stock; W—warrant; Y—yearly; H—high; L—low; N—new issue; U—unit; V—variable; X—exchange; Z—zero.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Table of over-the-counter stock prices including columns for stock name, sales, high, low, and change.

Nasdaq national market. Closing prices, July 27

Nasdaq national market closing prices table with columns for stock name, sales, high, low, and change.

CANADA

Table of Canadian stock prices including Toronto closing prices for July 27.

FRANCE

Table of French stock prices including 1984 and July 27 prices.

AUSTRALIA

Table of Australian stock prices including 1984 and July 27 prices.

HONG KONG

Table of Hong Kong stock prices including 1984 and July 27 prices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

American Stock Exchange closing prices table with columns for stock name, high, low, and change.

MONTREAL

Table of Montreal stock prices including closing prices for July 27.

GERMANY

Table of German stock prices including 1984 and July 27 prices.

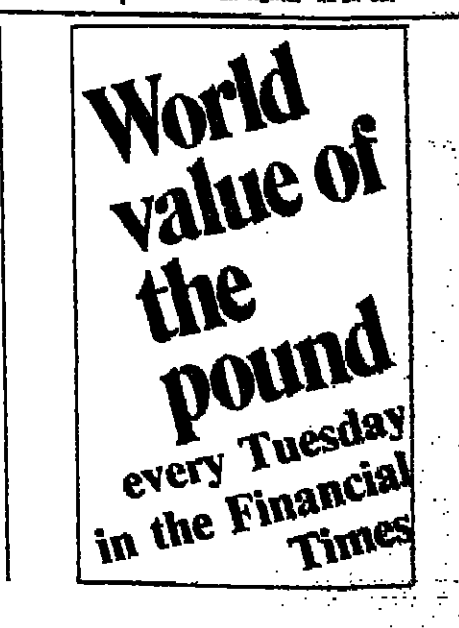
NETHERLANDS

Table of Dutch stock prices including 1984 and July 27 prices.

ITALY

Table of Italian stock prices including 1984 and July 27 prices.

Continued on Page 19



20 AUTHORIZED UNIT TRUSTS

Table listing various authorized unit trusts such as Abbey Unit Tr. Mgrs., British Gas, and others, with columns for name, date, and price.

Table listing various unit trusts under the heading 'UNIT TRUSTS', including British Gas, British Telecom, and others, with columns for name, date, and price.

FT UNIT TRUST INFORMATION SERVICE

Main table listing unit trusts under various categories like 'Key Fund Managers Ltd.', 'Perpetual Unit Trust Mgmt.', 'Prudential Unit Trusts', etc., with columns for name, date, and price.

Table listing various insurance companies and their products, including City of Westminster Assurance, General Portfolio Life Ins. PLC, and others.

INSURANCES

Table listing various insurance policies and companies, including AA Priority Society, Abbey Life Assurance Co. Ltd., and others.

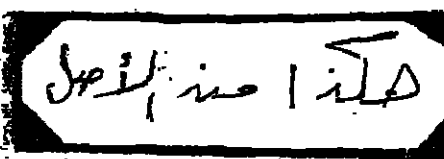
F.T. CROSSWORD PUZZLE No. 5478

CLUES ACROSS
1 No cooker necessary for the fruit...
4 ... that is cooked Eastern style to a point, then settled...
10 Is in a range - a number regarded as in holiday mood...
11 Red and sore about the skin...
12 Nectar never contained fresh water...
13 Songs around a hollow have saved lives when vessels capsized...
15 Ample evidence that young Albert is about to attack like a bull...
16 She performs current hair perhaps...
20 Remarkably cutting Bl. vehicle's tail off to fit into small volume...
21 Always in the engineers you find respect...
24 Frightened that a mistake is within Edward's reduced orbit...
26 Nasty eye constituent...
28 Sustain beneath a parting...
29 One company in part exchange for fruit...
30 Those who are fathom on the board...
31 Long speech about chromium plant...
CLUES DOWN
1 16 when out of sight...
2 Make us a larrikin under...
3 Bearing that sounds like an open and shut case...
4 Motor a short step - on Shell, perhaps...
5 Two units of engineers, tied up made another tape...
6 Furnish in what is owed...
7 Anything falling into this is finished...
9 Dwelt up where you grilt splicity...
14 The actor's art I make noble...
17 Disc sect around the show...
18 Short trip - in the Morris perhaps...
19 Act about men at a T-junc-

Crossword puzzle grid with numbered squares for clues.

Table listing various unit trusts under categories like 'Key Fund Managers Ltd.', 'Perpetual Unit Trust Mgmt.', 'Prudential Unit Trusts', etc., with columns for name, date, and price.

Table listing various insurance companies and their products, including City of Westminster Assurance, General Portfolio Life Ins. PLC, and others.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institutions, and various international investment funds.

Table of insurance and overseas funds including Seve & Propper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including CAL Investments (IOM) Ltd, Grindley Henderson Mgt Ltd, and various international investment funds.

Table of money market and bank accounts including Money Market Trust Funds, Money Market Bank Accounts, and various financial institutions.

NOTES section containing additional financial information and commentary.

FT LONDON SHARE INFORMATION SERVICE

INDUSTRIALS (Misc.)

Table of Industrial share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

ENGINEERING—Continued

Table of Engineering share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

DRAPERY & STORES—Cont.

Table of Drapery & Stores share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

BEERS, WINES—Cont.

Table of Beers, Wines share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

AMERICANS

Table of American share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

BRITISH FUNDS

Table of British Funds share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Five to Fifteen Years

Table of Five to Fifteen Years share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Over Fifteen Years

Table of Over Fifteen Years share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Undated

Table of Undated share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Index-Linked

Table of Index-Linked share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

CORPORATION LOANS

Table of Corporation Loans share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

LOANS

Table of Loans share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Public Board and Ind.

Table of Public Board and Industrial share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Financial

Table of Financial share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

Hire Purchase, Leasing, etc.

Table of Hire Purchase, Leasing, etc. share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

DRAPERY AND STORES

Table of Drapery and Stores share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

CHEMICALS, PLASTICS

Table of Chemicals, Plastics share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

BANKS, HP & LEASING

Table of Banks, HP & Leasing share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

CANADIANS

Table of Canadian share prices including companies like Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian, Anglo-Siam, Anglo-Tan, Anglo-Thai, Anglo-Indo, Anglo-Persian.

WOLSELEY-HUGHES

From Norwich to Nashville we're growing from strength to strength. Planting and leasing supplies in the U.K. and U.S. Agricultural Machinery, Engineering, Plastics.

Advertisement for Wolseley-Hughes.

Self is 10

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, last price, and change.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, last price, and change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, last price, and change.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

Whittingham Property logo and address: WOLVERHAMPTON (0902) 53891, LONDON 01-491 1438

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, last price, and change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

Components

Table of component stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Airways, and British Airways, with columns for stock price, last price, and change.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

TEXTILES

Table of textile stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, last price, and change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

PLANTATIONS

Table of plantation stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

INSURANCES

Table of insurance stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, last price, and change.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for stock price, last price, and change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture, British Venture Income, and British Venture Growth, with columns for stock price, last price, and change.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, last price, and change.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, last price, and change.

NOTES

Notes section containing various financial notices and company announcements.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Open to any interpretation

BY COLIN MILLHAM

Nothing seems able to depress the dollar for very long at the moment. There was plenty of conflicting information last week, but the general impression created was of a market able to interpret any event any way it wanted.

Monday's figure on U.S. second quarter gross national product was very impressive, showing a rise of 7.5 per cent, compared with the earlier flash estimate of 5.7 per cent, and an anticipated upward adjustment to about 6 per cent. The other major factor supporting the dollar was the high level of Federal funds, which traded at around 11 1/2 per cent on Friday.

The dollar started to fall, and this movement was given greater impetus on Wednesday by the testimony before the Senate Banking Committee of Mr Paul Volcker, chairman of the Federal Reserve Board. His various comments, including information that the last Federal Open Market Committee meeting earlier this month had not tightened monetary policy locked damaging to the dollar.

But this was not what the market wanted to hear. It was prepared to dismiss the durable goods figure as unreliable, and to interpret Mr Volcker's words as meaning that at least U.S. rates might rise slightly in the coming months.

The dollar started to rise again sharply, leaving sterling floundering in a sea of lower world oil prices, and most other major currencies either at record lows or the lowest for many years.

£ in New York

	July 27	Prev. close
Spot (\$1,314.0-1,315.0)	1314.5	1315.0
1 month	1313.0	1313.0
3 months	1311.5	1311.5
6 months	1310.0	1310.0
12 months	1308.5	1308.5

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 months	6 months	12 months
Dollar	1.3145	1.3100	1.3100	1.3110	1.3120
D-Mark	2.7840	2.7870	2.7910	2.7970	2.8220
French Franc	11.8975	11.8800	11.8600	11.8300	11.8075
Swiss Franc	2.2225	2.2280	2.2310	2.2350	2.2500
Japanese Yen	321.5	320.42	318.22	313.27	304.76

BANK OF ENGLAND TREASURY BILL TENDER

	July 27	July 20	July 27	July 20
Bills on offer	£100m	£100m	Top Accepted rate of discount	11.48125
Total applications	2405m	1815.85m	Average rate of discount	11.588125
Unaccepted bids	2297.1m	1634.05m	Average yield	11.705
Minimum	2.00m	2.00m	Amount on offer	£100m
Accepted bid	6%	8%	at next tender	£100m

THE DOLLAR SPOT AND FORWARD

	July 27	Days' spread	One month	% Three months	% Six months
U.S.	1.3145-1.3150	1.3110-1.3120	0.18-0.13c	1.42-0.18-0.13c	0.47
Canada	1.2225-1.2230	1.2225-1.2225	0.10-0.05c	1.10-0.05c	0.52
Netherlands	4.36-4.37	4.36-4.37	0.20-0.15c	0.16-0.15c	0.52
Belgium	75.30-76.40	75.30-76.40	0.20-0.15c	0.16-0.15c	0.52
Denmark	13.72-13.74	13.72-13.74	0.10-0.05c	0.10-0.05c	0.52
Ireland	1.2225-1.2230	1.2225-1.2230	0.10-0.05c	0.10-0.05c	0.52
W. Ger.	1.78-1.79	1.78-1.79	0.20-0.15c	0.16-0.15c	0.52
Portugal	200.00-201.00	200.00-201.00	0.10-0.05c	0.10-0.05c	0.52
Spain	165.00-166.00	165.00-166.00	0.10-0.05c	0.10-0.05c	0.52
Italy	200.00-201.00	200.00-201.00	0.10-0.05c	0.10-0.05c	0.52
Norway	10.85-10.86	10.85-10.86	0.10-0.05c	0.10-0.05c	0.52
France	11.89-11.91	11.89-11.91	0.10-0.05c	0.10-0.05c	0.52
Sweden	10.32-10.34	10.32-10.34	0.10-0.05c	0.10-0.05c	0.52
Japan	320.00-321.00	320.00-321.00	0.10-0.05c	0.10-0.05c	0.52
Austria	13.72-13.74	13.72-13.74	0.10-0.05c	0.10-0.05c	0.52
Switzerland	2.22-2.23	2.22-2.23	0.10-0.05c	0.10-0.05c	0.52
Belgium rate for convertible francs	75.30-76.40	75.30-76.40	0.10-0.05c	0.10-0.05c	0.52
Six-month forward dollar par-0.05c dis.					

OTHER CURRENCIES

July 27	£	¢	¢	Note Rates
Argentina Peso	77.83-77.84	50.03-50.03	Australia	75.50-75.50
Australia Dollar	1.5615-1.5615	1.5615-1.5615	Denmark	13.71-13.71
Brazil Cruzeiro	2.456-2.470	1.670-1.670	France	11.89-11.89
Canada Dollar	1.2225-1.2225	1.2225-1.2225	Germany	5.715-5.715
Denmark	13.72-13.74	13.72-13.74	Italy	200.00-200.00
France	11.89-11.91	11.89-11.91	Japan	320.00-320.00
Germany	5.715-5.715	5.715-5.715	Netherlands	4.36-4.36
Italy	200.00-200.00	200.00-200.00	Norway	10.85-10.85
Japan	320.00-320.00	320.00-320.00	Portugal	200.00-200.00
Netherlands	4.36-4.36	4.36-4.36	Spain	165.00-165.00
Norway	10.85-10.85	10.85-10.85	Sweden	10.32-10.32
Portugal	200.00-200.00	200.00-200.00	Switzerland	2.22-2.22
Spain	165.00-165.00	165.00-165.00	U.S.	1.3145-1.3145
Sweden	10.32-10.32	10.32-10.32	Yugoslavia	192-202
Switzerland	2.22-2.22	2.22-2.22		
U.S.	1.3145-1.3145	1.3145-1.3145		
Yugoslavia	192-202	192-202		

EMS EUROPEAN CURRENCY UNIT RATES

	July 27	July 27	% change from 1978	% change from 1978	Difference
Belgian Franc	44.9008	45.2514	+0.78	+1.5407	
Danish Krone	8.46104	8.46104	+0.42	+1.6426	
German Mark	4.75636	4.75636	-0.21	+1.0482	
French Franc	6.47868	6.47868	-0.10	+1.0482	
Dutch Guilder	2.52296	2.52296	+0.02	+1.0482	
Irish Punt	6.72609	6.72609	+0.25	+1.0482	
Italian Lira	1498.29	1577.63	-1.84	+1.1905	

EXCHANGE CROSS RATES

July 27	£	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	1.512	2.483	161.2	6.559	2.003	3.760	2036	1.763	76.36
U.S. Dollar	0.661	1.0000	1.636	109.3	4.962	1.496	2.706	164.1	1.128	45.75
Deutsche Mark	0.404	0.617	1.0000	64.6	2.003	0.692	1.196	63.6	0.456	17.28
Japanese Yen	0.0061	0.0091	0.0155	1.0000	6.35	0.0056	0.0091	1.0000	0.576	22.36
French Franc	0.153	0.231	0.396	0.153	1.0000	0.333	1.936	60.9	0.228	8.93
Swiss Franc	0.500	0.750	1.250	0.500	0.333	1.0000	7.200	24.0	0.750	29.53
Dutch Guilder	0.250	0.375	0.625	0.250	0.167	0.143	1.0000	3.600	0.375	14.78
Italian Lira	0.0025	0.0038	0.0063	0.0025	0.0017	0.0014	0.0025	1.0000	0.0038	14.78
Canada Dollar	0.576	0.864	1.440	0.576	0.333	0.286	0.576	0.576	1.0000	38.93
Belgian Franc	0.013	0.020	0.033	0.013	0.008	0.007	0.013	0.013	0.013	1.0000

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 27	Starting	U.S.	Canadian	Dutch	Swiss	D-Mark	French	Italian	Belgian	Yen	Danish
Short term	12 1/2-13 1/2	11 1/2-12 1/2	11 1/2-12 1/2	8 1/2-9 1/2	10 1/2-11 1/2	8 1/2-9 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	6 1/2-7 1/2	11 1/2-12 1/2
3 months	12 1/2-13 1/2	11 1/2-12 1/2	11 1/2-12 1/2	8 1/2-9 1/2	10 1/2-11 1/2	8 1/2-9 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	6 1/2-7 1/2	11 1/2-12 1/2
6 months	12 1/2-13 1/2	11 1/2-12 1/2	11 1/2-12 1/2	8 1/2-9 1/2	10 1/2-11 1/2	8 1/2-9 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	6 1/2-7 1/2	11 1/2-12 1/2
12 months	12 1/2-13 1/2	11 1/2-12 1/2	11 1/2-12 1/2	8 1/2-9 1/2	10 1/2-11 1/2	8 1/2-9 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	6 1/2-7 1/2	11 1/2-12 1/2
One year	12 1/2-13 1/2	11 1/2-12 1/2	11 1/2-12 1/2	8 1/2-9 1/2	10 1/2-11 1/2	8 1/2-9 1/2	11 1/2-12 1/2	11 1/2-12 1/2	11 1/2-12 1/2	6 1/2-7 1/2	11 1/2-12 1/2

MONEY MARKETS

No wish for higher rates

Interest rates on the London money market did not react too badly to the sudden fall of sterling on Friday morning. There was a reasonable level of optimism that with London rates offering roughly the same return as in New York the present structure could hold.

The D-mark, Swiss franc and Japanese yen are all suffering from the large differential between interest rates in the U.S. and Frankfurt, Zurich and Tokyo, but with London rates at around 12 per cent it is more a matter of economic worries rather than competitive interest rates hurting the pound.

Swiss banks recently raised customer time deposit rates, and there was a rumour in Tokyo last week that the Japanese Government was thinking of measures to prevent an outflow of capital into high yielding investments overseas. Any really tough restrictions seem unlikely however, given the amount of criticism these would cause.

There have also been various suggestions in recent weeks that the Bundesbank might push up its Lombard rate following the increase in the discount rate at the end of June.

But none of the Governments of the major Western economies wish to raise interest rates and choke off the relatively pedestrian rate of economic growth expected this year.

Latest quarterly figures on gross national or domestic product for the European economies show growth rates far below the recent U.S. second quarter statistic of 7.5 per cent for the U.S. published Monday. The present level of money supply growth has also led some economists to believe that U.S. inflation, which appears well under control at 4.2 per cent at the moment, will be back into double figures by the end of next year.

Fear of inflationary pressure from fast economic growth is behind the high level of U.S. interest rates. Mr Volcker's comments about a slow down in the second half, and that higher interest rates would not be appropriate at present came as a relief. This helped to reassure London about the level of UK rates, and reinforced the feeling that the problems of the miner's strikes and lower oil prices were the major obstacles to a firmer base for sterling.

MONEY RATES

July 27	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11 1/2	8 1/2-9 1/2	8 1/2-9 1/2	6.15-6.20	10 1/2-11 1/2	11.00	12-12 1/2
One month	5.50-5.55	11 1/2	8 1/2-9 1/2	8 1/2-9 1/2	6.15-6.20	10 1/2-11 1/2	11.00	12-12 1/2
Three months	5.50-5.55	11 1/2	8 1/2-9 1/2	8 1/2-9 1/2	6.15-6.20	10 1/2-11 1/2	11.00	12-12 1/2
Six months	5.50-5.55	11 1/2	8 1/2-9 1/2	8 1/2-9 1/2	6.15-6.20	10 1/2-11 1/2	11.00	12-12 1/2
One year	5.50-5.55	11 1/2	8 1/2-9 1/2	8 1/2-9 1/2	6.15-6.20	10 1/2-11 1/2	11.00	12-12 1/2

LONDON MONEY RATES

July 27	Sterling	Interbank	Local Authority	Company	Market	Treasury	Treasury	Eligible	Eligible	Five
Overnight	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
3 days notice	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
7 days or more	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
One month	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Three months	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Six months	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
One year	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2

DISCOUNT HOUSES DEPOSIT AND BILL RATES

July 27	Sterling	Local Authority	Finance	Company	Market	Treasury	Treasury	Eligible	Eligible	Five
Overnight	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
3 days notice	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
7 days or more	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
One month	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Three months	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
Six months	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
One year	11 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2

MONEY RATES

July 27	Prime rate	Broker loan rate	Fed funds	Fed funds at intervention	Treasury Bills	Treasury Bonds
Prime rate	12 1/2	12				